

The Federal Reserve Identified with Prosperity — Alexander D. Noyes—page 7

Vol. XXVIII, No. 12

December, 1926

CREDIT

MONTHLY



Credit Phases of the Christmas Card Business

Page 16

25 Cents

\$3 a Year

DECEMBER

*There should
have been*



Fire Insurance

AS THE year draws to a close Credit Managers should urge the necessity of "complete insurance."

When the inventory makes new values evident, it is then important that the suggestion of adequate insurance protection should convince property owners.

Start the year by advocating complete insurance.

Credit depends entirely upon character and insurance protection.

**COMMERCIAL UNION
FIRE INSURANCE CO.**
OF NEW YORK

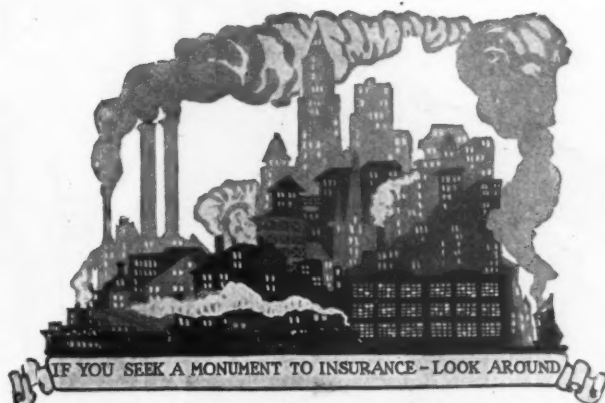
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THE evidence of the economic value of insurance is on every hand.

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The HOME INSURANCE COMPANY NEW YORK

CHARLES L. TYNER, *President*



Why use a ladder when there is a stairway?



The Hartford Fire Insurance Company affords safe, sound, convenient protection from losses due to almost all insurable hazards.

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HARTFORD, CONNECTICUT

The Hartford Fire Insurance Company and the Hartford Accident and Indemnity Company write practically every form of insurance except life.

\$200,000 Coverage on a Single Account

No Normal Loss Deducted
Under Our Specific
Account Insurance Policy



How are your customers
protecting your capital
loaned to them in the form
of merchandise?

Are they carrying suffi-
cient insurance?

Are they careful about
their credits?

Are their quick assets kept
in proper proportion to their
liabilities?

Have they an over-invest-
ment in inventory or fixed
assets?

You can control these fac-
tors in your own business,
but you cannot control
them in your customers'
business.

Our Credit Insurance
Policies will protect you
with respect to all these
factors.

We issue Blanket Poli-
cies covering all your cus-
tomers, or Specific Poli-
cies covering such cus-
tomers as you want in-
sured.

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nearest branch office for details.

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AND GUARANTY
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CREDIT

MONTHLY

THE NATIONAL MAGAZINE OF BUSINESS FUNDAMENTALS

(Member, Audit Bureau of Circulations)

Editorial and Executive Offices, One Park Avenue, New York

Rodman Gilder, Editor

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Corona for Christmas

Did you ever stop to think of what a splendid Christmas present Corona makes? Few things you might select could please that boy or girl of yours more. Just ask them this evening how they'd like to have one and watch their eyes light up with pleasure at the thought.

Not only will it please but it also will be very useful to them at home, in school or in college. Ability to operate a typewriter, which will be gained in a few weeks, is an asset to any boy or girl and if they can use Corona they can run any office ma-

chine for the keyboards are identical. Corona is the utmost obtainable in a portable and has more big-machine features than any other light weight typewriter. It is the result of nineteen years of experience in the manufacture of sturdy, compact writing machines. Just compare it with any other portable and you'll be convinced of its superiority.

The price is but \$60 and convenient terms may be secured if desired. Look for Corona in your phone book and let our nearest branch or dealer show you the machine.



L C Smith & Corona Typewriters Inc

Syracuse, N. Y.

Offices and agencies everywhere

Back in 1926

December 1, 1951.

Mr. Rodman Gilder, Jr.,
Editor of the CREDIT MONTHLY,
New York, N. Y.

Dear Sir:

In answer to your request, I submit the following brief picture of the American business and credit world as I remember it back in 1926:

Radio communication was so crude that messages could travel in only one direction, and an air conversation was impossible.

There were only about 30,000 manufacturing, wholesale and banking concerns then members of the National Association of Credit Men—a paltry number considering our membership today, which includes every eligible concern in the United States.

Most transportation was by rail, instead of by air.

The National Association of Credit Men raised a fund of about \$1,500,000 to help fight commercial crooks. In a few years this aroused the State and Federal authorities to such an extent that they became as active in the pursuit of commercial crime as of crimes of violence.

Only about two million dollars was spent by the National and local associations and bureaus on the defense of the Nation's receivables.

There were still a few credit managers who did not use the Adjustment Bureaus and the Interchange Bureaus.

Less than 10,000 Credit Managers had learned of the utility of the Credit Man's Diary and Manual of Commercial Laws.

There were commercial centers which had no local chapter of the National Institute of Credit, and the great Institute building was as yet a thing of the future.

The International Credit Interchange Bureau had not yet been set up by the Foreign Credit Department of the N. A. C. M.

Some managers of Credit Departments were not officers of their concerns.

JOHN DOE,
President and Credit Manager,
Enniole Manufacturing Co.

LIKE THE GREAT RESERVOIR of Credit created by the Federal Reserve System is the reservoir of indemnity created by the Stock Insurance Companies by premiums collected from many for the protection of the unfortunate few.

Upon these two great systems has the stable credit of today been built.

QUEEN INSURANCE CO. OF AMERICA

Fire	Automobile	Marine
Explosion	Riot and Civil Commotion	Tourist
Sprinkler Leakage	Windstorm	Registered Mail

Incorporated in New York State 1891, Capital \$3,000,000

Total Assets, Jan. 1, 1926	-	-	-	\$20,348,548
Liabilities	-	-	-	14,211,383
Net Surplus	-	-	-	6,137,164
Surplus to Policyholders	-	-	-	9,137,164

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CREDIT

MONTHLY

Vol. XXVIII

DECEMBER - 1926

No. 12

Identified with Prosperity

Federal Reserve Has Proved a Rock of Safety

By Alexander Dana Noyes

Financial Editor, New York Times

SINCE the charters of the Federal Reserve were granted to each Reserve bank "For a period of twenty years from its organization unless it is sooner dissolved by an Act of Congress," and since the twelve banks were organized in 1914, their existing charters will expire in 1934. Operation of the Reserve Banks under their present charters will therefore continue for a sufficiently long period to allow abundant discussion. But the importance of the question renders thorough and early consideration of the reasons for the renewal altogether advisable.

The twenty-year term was borrowed from the old National Bank Act of 1862. In that case, renewal of the charter as it expired in the case of a given national bank became a matter of course; the only important incident of such renewal being the stipulation in July, 1882, when the twenty-year charters of most national banks were about to expire, that "no national bank association shall be a member of any clearing house in which silver certificates shall not be received in settlement of clearing house balances." The new law on some of the more or less upon the whole likely to be effected with the same readiness as in the case of the national banks; for the argument in behalf of the Federal Reserve in its present form is overwhelming. The only serious danger is a political attempt to condition renewal on some of the more or less unsound stipulations which have been urged on occasion in Congressional debate. In any case, the Reserve Banks will be judged by their actual record.

What has the Federal Reserve actually accomplished? First, the sustaining of the American financial structure during war-time. By one of the most remarkable coincidences in our history, the Reserve Banks opened for business almost simultaneously with the outbreak of the great war. Without exception, financier and economists recognized that the immediate application of its facilities made possible the maintenance of the gold standard in the United States during the war when all the rest of the world had resorted to irredeemable paper; that it averted the consequences of a war panic, regulated the credit system during the strain of war, and prevented during the immense expansion of trade in the United States in 1915 and 1916 and during the enormous United States war loan issues of the next years, any such disorder to the trade and credit situations as had always previously occurred on similar occasions.

The System Appreciated

"AT heart the American people fully appreciate the incalculable service of the present American banking system."

This is the opinion of one of the nation's foremost financial students and observers. Dr. Noyes served as Financial Editor of the New York Evening Post from 1891 to 1920, and since 1920 of the New York Times. The author of "Forty Years of American Finance" and "The War Period of American Finance, 1908-1925," he writes with outstanding authority on the relation of the Federal Reserve System to the Nation's prosperity.

It has never been contended that the old national bank system would have been able to effect these results. It failed to do so during our own Civil War and would unquestionably have failed in the great European war. Had we relied on the old-time banking system, we should probably have followed Europe in 1914 into at least a temporary period of depreciated money, and our markets hardly have drawn from the outside world the immense deposits of foreign capital which actually came to us during and after the war and which served to consolidate the country's economic position.

Usefulness Completely Proved

The usefulness of the Federal Reserve in an emergency has, therefore been proved by the highest imaginable test. It was proved again in 1920, when the world-wide deflation crisis, following the war, brought about precisely the conditions which created the panics of 1873, 1893 and 1907, with their ruinous results on the country's entire business structure. But in 1920, notwithstanding the fact that the tying up of credit and shrinkage of capital resources was probably unexampled, panic of the old-time sort was absolutely averted. Deflation was conducted in an orderly manner, without failure of large banks or business houses.

No one familiar with the facts contends that this could have been achieved without the Federal Reserve. In the first place, the Reserve System had created a concentrated gold reserve available for immediate use, as against a gold reserve be-

fore the European war centered in the hands of six or seven thousand separate institutions, hundreds of miles apart, and unable to act in harmony. Only the emergency help of the United States Treasury averted general bank insolvency at New York in 1907. The Treasury itself was nearly forced to stop gold payments during the gold export movement of 1894.

Second, the old-time "hoarding panic" and "premium on currency" which was a familiar incident on such occasions as 1907 and 1893, and which forced employers of labor to pay 4 per cent. premium in certified checks to get the cash to meet their weekly payrolls, has become wholly impossible with the power to issue currency in proportion to actual trade needs on security of merchants' paper. Even at the climax of the war panic of 1914, hoarding of money could not be said to have existed in the United States.

Third, rediscount by the Reserve Banks of the loans held by private member banks when the strain on the credit was accentuated, made possible actual expansion of credit in the 1920 crisis. At that time, the twelve Reserve Banks actually increased their rediscounts of agriculture and live stock paper \$106,000,000 during the seven last months of 1920, covering the agricultural crisis. Without the example and help of the Federal Reserve the "frozen credits," loans unpayable at the day of maturity, could not possibly have been carried over. The situation would have meant either general insolvency for the borrowers or general insolvency for the banks.

A Rock of Safety

Precisely as 1914 and 1920 have proved conclusively to what extent the Federal Reserve is a rock of safety in critical emergency, so the more recent years have proved the immensely useful stabilizing power of the system in ordinary times. The influence of a very slight change in Reserve Bank rates has repeatedly been sufficient to restrain and stop a speculative movement which had been running wild. The Federal Reserve was not the sole cause for the conducting of the enormous and prosperous trade of 1925-26 without speculative disturbances, tight money, excited fluctuation of commodity prices or shocks of periodical business reaction. The efficient railroad administration and the growing conservatism of the merchants were equally influential. But it is highly doubtful if the results

(Continued on page 33)



The Credoscope

J. H. Tregoe

Profits of 1926

I have the impression that in many of our manufacturing and wholesale enterprises the year will not give satisfactory results in the sum brought down in black after inventories are taken and values appraised. It has seemed to me that too many of our enterprises have thought more of selling than they have of profits. You remember the country dealer who once remarked, when informed he was selling goods at less than cost, that he expected to make a profit from a large turnover. This seems unthinkable in organized business; but it looks as though many of the Nation's enterprises have operated of late on some such basis. They were not making profits, yet they felt that they could if they sold a sufficient quantity of goods. Somehow or other, they failed to discern that the more they sold the worse off they were.

We must have organized and well-controlled marketing of commodities if any satisfaction is to be derived from the business of supplying the needs of people, which, after all, is the chief aim of business. There has been a strong tendency to eliminate the wholesaler and to make his ways uncertain and painful. As to this trend I have all along felt that eliminating the merchant in the producer to consumer would not prove economical or to the advantage ultimately of the customer. I cannot see the real value of concerns cutting one another's throats and salesmen indulging real orgies in the marketing of goods. From profits come stability, capital and wealth. Without profits no business is in a stable situation even though its capital is for a while sufficient, because capital cannot be eaten up constantly without being eventually exhausted.

Profits should have a larger

share of our attention, not extraordinary profits but reasonable profits. But as we are going now, the consumer does not seem to get any advantage in the cut-throat process, yet high overheads in marketing are encouraged. This practice exhausts the profits without any ultimate advantage to those who consume the goods. I fear that the profit side of our business in 1926 isn't going to give a great deal of satisfaction. Out railways are doing much better because they have economized and built up deficiencies. They have improved their profits without increasing rates. By the same token, all enterprises must aim to keep consumers' prices reasonable and yet by the exercise of good judgment and ingenuity in production and marketing make profits that will justify the administrative efforts and leave something for capital after all legitimate claims are satisfied.

Everyone naturally believes in profits. But the foolish way in which competitors by cutting prices devour themselves without benefitting the consumer is something for which we can be heartily ashamed. Safe, stable and prosperous business cannot be built up on production alone. It can be built up only when production yields a fair return and a safe reserve for the human efforts back of the enterprise. When a business is not yielding profits satisfactory to a reasonable mind when conditions permit, then something is wrong and that wrong must be righted if disaster is to be averted.

Apathy

The householder who leaves his home unbolted and unprotected for a long season has no right to complain if the home is burglarized. Neither has the manager of credits any right to complain of

being looted if he has failed to protect his receivables.

Not far away from New York City is a small and thriving community where one law firm has for years bought representation in the popular forwarding lists, and receivables flow into them for collection and adjustment with the regularity of time. This easy situation has led this law firm to treat receivables for their own aggrandizement. The amount of business they handle has cast a spell over the local bankruptcy court; and when creditors fail to receive the results they expect, the Bankruptcy Law is blamed rather than the apathetic and injudicious manner in which they have treated their property.

It is just as justifiable for a credit manager to take dollar bills from the cash drawer and throw them around promiscuously as to take receivables which represent actual value and place them in the hands of agencies with no knowledge of what their eventual destination may be. As the custodian of receivables it is not only a right for me to know how those in default will be handled, and by whom, but it is an obligation for me to know,—and I say this irrespective of the agency used, whether one of the Adjustment Bureaus approved by the National Association of Credit Men or an independent agency. If the attorney in the case is not known to the creditor whose property he is handling, there cannot be that incentive which controls in the direct relation or the direct knowledge of just how and by whom the receivable is handled.

It is discouraging that credit departments, not aroused to the need of throwing around receivables every possible protection, become accessories to the looting of their own property in so many instances. The credit fraternity has secured through the amend-

ments, that recently became effective, an excellent Bankruptcy Act. But were it absolutely perfect, results would be deficient if creditors failed as they do in so many instances now to see that their interests are properly represented and their property properly protected. It may happen that too few credit managers regard receivables as property. But as a matter of fact receivables are the equivalent or at least should be the equivalent of money or some other real value. To treat them as less than property breeds an apathy or an indifference which the National Association of Credit Men is doing its best to correct. The direct personal contact of the creditor and the debtor should not be interrupted, no matter what happens to the affairs of the debtor or what expedients are necessary to liquidate the receivable in whole or part.

I firmly believe that the more we can cultivate and maintain the direct personal contact with debtors, the better will be the results and the greater will be the satisfaction derived from the medium employed by credit departments when receivables need some extra or legal attention.

The Value of Criticism

Whenever anyone exerts unusual power to suppress or limit criticisms of his policies and his actions, there is being built up a fund of retribution which sooner or later will break its bounds and work serious damage.

We cannot read without some sense of indignation the shafts of criticism directed against George Washington during the second administration. In many instances these attacks were unfair and had nothing but envy and selfishness behind them. This man of profound ideas made no effort to suppress these criticisms but withstood them as any man of good conscience and dignity will. The Alien and Sedition Law passed during John Adams' administration was highly resented by the democracy of those days and was largely instrumental in defeating the Federalist party in 1800.

In the summary of what has been accomplished during the past twelve months under Fascist control of Italy's foreign and domestic policies we note the laws that impose penalties for criticising the master of the Fascist party and

the Prime Minister of Italy, Mussolini. Laws were also enacted that impose penalties for criticising the policies of the Fascist party. Italy has been gagged. The Italian dictator will one day reap as he has sown.

If modern progress has taught us anything, it is that the safety of a person or a nation lies in good judgment and practical sense and not in attempts to gag the modern urge towards freedom of thought and of expression on public matters. So long as the heart of a nation is right, the ravings of its radicals, the criticisms of its untrained minds are just as futile as an effort to hold back the tides. Big men can best stand criticisms. Big governments can best stand criticisms. Big nations are above criticisms that have behind them no constructive force.

These reflections are not intended as a shaft at the Fascists, and Italy, but to show that words,—but never thoughts,—can be suppressed and that it is less dangerous to have the thoughts escape in words than to keep them pent up until self-control breaks down. It is not an easy matter for any of us to stand criticism, but even unpleasant criticisms can be used to our advantage if we analyze them carefully and ascertain to what extent they are true.

Keep the heart and mind right and unjust criticisms will harm only those who indulge in them.

Worthwhile Books

Permit me to offer a personal experience.

Educational conditions have changed greatly since my boyhood days. It was not then considered desirable or advantageous for the average youth who had no aspirations except for a business career to go through college. Feeling the urge of self-dependence, I insisted upon leaving school before reaching my fifteenth year. After trudging along in a very modest way for three years, there crossed my path a very congenial man many years my senior who gradually unfolded to me the truth that without fundamental education, no fellow could hope to do very much for himself. I immediately took to reading, and for three years studied under my own direction at least five hours a day and worked at least nine at my occupation.

From the beginning I resorted to serious books. I shall never forget working out the syllogisms of Whateley and the logic of the profound legal learning disclosed in Kent's Commentaries and the mediaeval lore in Froissart's Chronicles. This early training developed an intense friendship for serious reading though every now and then for recreation a good detective story was a great joy. I was known for a long time in my home city as the man who carried a book. I became a Bachelor of Law in my fortieth year, having done most of my reading on the street cars.

I have found a genuine interest in building mental pictures as I read and in trying to reach the philosophy of history. I recall so clearly one particular occurrence in the building of pictures that gave a real revelation. Before the opening of the sea rovers' era in the early decades of the Fifteenth Century, the silks, jewels, spices and perfumes of the East were brought to the Mediterranean seaports for trans-shipment by the Italian merchants to far-distant places in Europe. When the Ottoman Turk appeared on the scene, he was no friend of trade, and interfered with the caravan routes across the deserts of Asia, and his interference interrupted the flow of the luxuries of the East to the cities of Europe where people wanted them. It was necessary, therefore, to find a new pathway to the East and thus the lure of commerce brought about the memorable discoveries of the Italian and Portuguese explorers.

Serious reading, or better still, reading seriously, broadens the comprehension and intensifies the reasoning faculty. Reading is mind food. When it is deleterious in its effects, it should be avoided; but it is greatly stimulating when of the proper kind. I know of nothing more wholesome in its benefits or more needed just at present than a return to serious reading. Giving a little time each day to a good book will have remarkable effects and help us all the better to meet life's problems.

Feeling as I do the importance of making close companions of worthwhile books, I have noted with great favor the Credit Monthly's Winter Book Shelf which is inaugurated in this number as part of Dr. Fall's excellent department, The Business Library.

A Nation-Wide Organization

For Service and Education in Credits



EXECUTIVE MANAGER AND HEADQUARTERS STAFF OF THE NATIONAL ASSOCIATION OF CREDIT MEN

(Left to right) Dr. Frank A. Fall, Mgr. of Dept. of Education and Research; E. Paul Phillips, Mgr. Adjustment Bureau Dept.; M. D. Beuick, Mgr. Public Relations Dept.; F. S. Jefferies, Eastern Division Mgr.; J. H. Tregoe, Executive Mgr. and Sec.-Treas.; Samuel Ardron, Jr., Business Mgr., Credit Protection Dept., Eastern Division; Frank G. Hathaway; W. S. Swingle, Mgr. Foreign Credit Dept.; Rodman Gilder, Mgr. Publications Dept.

THE extent of the organization of the National Association of Credit Men is not realized by all members of the credit fraternity. For this reason the CREDIT MONTHLY printed last month a two-page map showing in color the various service and educational activities of the Association throughout the United States. And in this issue are presented photographs of the offices and personnel maintained in different cities by the National organization. All this is aside from the hundreds of credit executives who generously give their services as association officers and committeemen, for the advancement of their profession

and for the betterment of American business.

The headquarters office of the Association is at One Park Avenue, New York, N. Y., in charge of J. H. Tregoe, Executive Manager, Secretary and Treasurer of the National Association of Credit Men. For administrative purposes the country is divided into Eastern, Central and Western Divisions, in charge of Divisional Managers, F. S. Jefferies, One Park Avenue, New York, E. B. Moran, 33 So. Clark St., Chicago, B. B. Tregoe, Wells Fargo Bldg., San Francisco.

On Mr. Tregoe's staff, in charge of various departments, are Rodman Gilder,

Assistant Treasurer of the Association and Editor of the CREDIT MONTHLY, Dr. Frank A. Fall, Director of the Department of Education and Research, Managers E. Paul Phillips, of the Adjustment Bureau Department, W. S. Swingle, of the Foreign Credit Department, Marshall D. Beuick, of the Department of Public Relations, Maxwell S. Mattuck, Director-Counsel of the Credit Protection Department, Eastern Division, S. Ardron, Jr., Business Manager, Credit Protection Department, Eastern Division.

The National organization has a personnel of 97 men and women at the headquarters office in New York, 30 in Chicago, 10 in San Francisco, 32 in St. Louis, and two in Washington, D. C.

Credit Protection

First in control of the Credit Protection Department are the Officers and Directors of the National Association of Credit Men who are responsible to the entire membership for the efficient operation and supervision of the Credit Protection Department. The Administrative Committee of each of the three Divisions is imbued with the authority and responsibilities of the National Board, composed of members of the Board, and will be responsible to the entire Board for the proper functioning of the Credit Protection Department in each Division.

The Executive Manager of the National Association of Credit Men, as the representative of the National Organization, its Officers and Directors, and the Administrative Committees, must see that the Rules and Regulations necessarily laid down for the control and operations of the Credit Protection Department by the National Association, the Board of Directors, the Administrative Committees and the Credit Protection Committee in each of the Divisions, as described herein are faithfully carried out.

The Credit Protection Department

WORK OF CREDIT PROTECTION DEPARTMENT

	East. Divn. (Met. Dist.)	East. Divn. (Outside of Met. Territory)	Cent. Divn.	(Mch. 22 to Oct. 31, '26) West. Divn.	Total
October 31, 1926	15	16	12	6	49
Number of cases accepted in October					
Cases closed during October because of insufficient evidence	9	6	22	3	40
Number of persons indicted in October	10	7	12	5	34
Number of CONVICTIONS in October	4	5	0	2	11
Report of Cases Handled for Fiscal Year for Period May 1, 1926, to Oct. 31, 1926					
Number of cases accepted	97	72	124	54	347
Cases closed for lack of evidence	44	46	100	18	208
Number of persons indicted	45	54	44	27	170
Number of CONVICTIONS	20	14	10	9	53
Report of Cases Handled from June 1, 1925, to October 31, 1926					
Cases accepted since June 1, 1925	278	224	476	64	1,042
Total cases closed, lack of evidence	100	85	171	19	375
Total cases pending today	101	144	279	42	566
Total persons indicted since June 1, '25	159	104	188	32	483
Total indictments pending today	64	68	59	18	209
Total CONVICTIONS since June 1, 1925	60	35	33	14	142
Total trials lost	2	6	7	0	15
Estimate of Recoveries for Estates Through the Department's Activity	\$75,000—\$142,200.25—\$190,849.48—\$21,958				
Total recoveries	\$430,007.73				



F. S. Jefferies,
Manager, Eastern Division,
One Park Ave., New York.

covers the entire country and operates in the three Divisions with a headquarters office in each Division as follows: The Eastern Division Office, One Park Avenue, New York City, the Central Division Office, 33 South Clark Street, Chicago, the Western Division Office, Wells-Fargo Building, San Francisco.

Each Division is subdivided into Districts with a Branch office in each District. These Districts are marked out by the Credit Protection Committee in each Division but subject to the final approval of the Administrative Committee of the Division.

The Administrative Committee in each Division, at the beginning of each fiscal

year of the National Association, appoints a Credit Protection Committee for the Division. These Committees carry the designation of Eastern Division Credit Protection Committee, Central Division Credit Protection Committee, and Western Division Credit Protection Committee. These Committees direct and supervise the operations of the Credit Protection Department, carry out its Rules and Regulations as may be laid down by the National Organization, its Board of Directors or Administrative Committee. Within such Rules and Regulations, the Committees have general control of the Department's work and are responsible for its efficient operation.

Association Publications

Educational and service publications prepared and issued by the National Association of Credit Men, besides the CREDIT MONTHLY, include: The Monthly Letter, a regular message, on credits and the business outlook, from the Executive Manager; the Vigilantia-Washington Bulletin containing monthly news of court decisions and Federal legislation; Special Bulletins on vital credit subjects; and the annual handbook, the "Credit Man's Diary and Manual of Commercial Laws."

The Association prepares standard forms that facilitate the operation of credit departments including the Trade Inquiry Blank, the Financial Statement Form, etc.

Beneficial Laws

The enactment of such all important legislation as the Bankruptcy Law and the bill which created the Federal Reserve system is made possible largely through the work of the Association. It is said that this service to American business alone warrants the support of the Association by every eligible concern in the United States.

Adjustment Bureaus

In virtually all important commercial centers the Local Associations of Credit Men affiliated with the National Association of Credit Men, maintain officially approved Adjustment Bureaus which are specially organized on a non-profit making basis to serve creditors and debtors



Foreign Credit Interchange Bureau



Maxwell S. Mattuck,
Director-Counsel,
Credit Protection
Dept., Eastern Div.



Credit Protection Dept., Eastern Div.

(Above) General View, Headquarters Office, N. A. C. M., and Eastern Div. Office.



E. B. Moran, Manager, Central Division, 33 So. Clark St., Chicago, who is also manager, Credit Interchange Bureau Dept., N. A. C. M.



(Below) Central Division Field Representatives, reading from left to right, E. H. Lothian, Frank R. Young, Fred L. Howard, Waid H. McKnight.



(Above) General Office, Central Division, N.A.C.M., Chicago.

(Right) John Elliot Byrne, Director-Counsel, Credit Protection Department, Central Division, N. A. C. M., Chicago.





(Above) B. B. Tregoe, manager, Western Division, Wells - Fargo Bldg., San Francisco.



Circle: Supervisor, Credit Protection Department, Western Division.



(Right) Credit Protection Accounting Department, Western Division.

(Below) General Office, Western Division.



Credit Protection Department, Western Division

in friendly arrangements with economy and equity. These Bureaus are the Credit Men's own medium for conducting friendly investigations; for concerted action of creditors in the prompt and inexpensive rehabilitation and liquidation of embarrassed and insolvent estates; making inquiries into composition offers; representation in receiverships and bankruptcies.

Most of these Bureaus maintain departments for the collection of delinquent accounts and offer special traveling adjuster service.

The National Association of Credit Men vouches for and closely supervises the officially approved Bureaus, a list of which appears in every other issue of the CREDIT MONTHLY. The aim is to have expert handling of all past due accounts through collection and adjustment, whether the debtor's affairs are in friendly liquidation, receivership, bankruptcy or before a creditor's meeting.

The function of the Bureau is to bring sound and efficient administration into a phase of business where waste and mal-



John E. Norvell, Director of Credit Protection Fund, Conference Room, Western Division.



(Above) A part of general office, Central Credit Interchange Bureau.



(Above) Executive and Stenographic Section, Central Credit Interchange Bureau



(Left) Section of office containing 1,900,000 master records on file.

CENTRAL CREDIT INTERCHANGE BUREAU DEPT. OF THE NATIONAL ASSOCIATION OF CREDIT MEN, ST. LOUIS.

administration have been too common. Adjustment Bureaus serve not only members of the National Association, but all creditors interested.

over-due accounts, and includes a weekly confidential bulletin service on foreign credit conditions.

Credit Interchange

At St. Louis is established a Central Credit Interchange Bureau, in charge of E. B. Moran as Manager of the Credit Interchange Bureau Department.

Established in 1919 with 15 bureaus affiliated, the National Clearance System has grown steadily until at the present time it contains 66 offices in 64 cities. When the Central Clearance was taken over in 1920 by the National Association, there were less than 200,000 master cards in the Bureau. There are now 1,900,000 master cards. During March, 1920, the average inquiries cleared per day were 312. In August of 1926 they amounted to 3,600 a day.

Foreign Credit Department

The Foreign Credit Interchange Department, as one of its activities, maintains in the New York headquarters office a Foreign Credit Interchange Bureau, available to members. Membership in this Bureau makes available a special moral suasion service to assist in adjusting and settling troublesome and

Department of Education and Research

The purpose of the National Institute of Credit is to provide at the lowest possible cost to the student, educational training which will make advancement in business not a possibility but a certainty. In the credit field, the Institute aims specifically to qualify its students, whether beginners, credit men, credit managers or credit executives, to move up to the position which is immediately ahead of them and which represents the next logical step in their advancement.

The Institute is a Department of the National Association of Credit Men. Its educational work is carried on through two main channels—class room courses offered under the auspices of local credit associations in a number of cities, and correspondence courses conducted from the National Office at One Park Avenue, New York City.

The correspondence courses now offered by the National Institute of Credit are two: Credits and Collections, and Basic Economics. The material in each course consists of a text book, printed lecture assignments, and problems to be

solved and sent to the Director of the Institute for correction and grading, after which they are returned.

Correspondence courses in Business English and Accounting are being planned and will be announced as soon as they are ready. Meanwhile a number of students are continuing their work toward the Institute's certificates by taking correspondence courses offered by educational institutions such as Columbia University and the University of Wisconsin.

The educational work of the Institute is under the direction of the Director of Education, aided by a Supervisory Committee, composed of a board of four business educators and eight experienced credit men. The Committee on Credit Education of the National Association co-operates in establishing and maintaining local chapters.

Credit Problems Studied

Research work is carried on by means of investigations and reports on credit problems such as bad debt losses, turn-overs, sales terms, cash discounts and cost of credit department operation. The Director conducts the "Business Library" department in the CREDIT MONTHLY, reviewing the latest useful business books and advising credit managers by letter concerning publications that will be of value in their work.



the Nightmare of Inventory

Christmas joys are no longer marred by the nightmare of the year-end inventory that lies ahead.

Burroughs has taken the worry and burden out of inventory time. It has taken "CLOSED FOR INVENTORY" off the doors.

With Burroughs to help you, you can complete this year's annual inventory accurately and quickly. And for all the rest of 1927 you can keep a complete, more efficient record of sales, costs, stock and turnover.

The figures obtained by use of Burroughs Machines tell you which stocks are idle or slow, which are getting low—provide a dependable guide to purchasing and selling—check leaks, losses and errors at their source.

With a Burroughs Portable Adding Machine, the items are listed, extensions made and printed proofs of accuracy provided far faster than you can do the work with pad and pencil. The Portable is easily moved from place to place. A girl can handle it. It takes up little space. It has the standard full-visible keyboard.

The Burroughs Calculator too, is a rapid figuring machine that has greatly simplified inventory work in many large institutions.

Why dream and fret about inventory, when Burroughs will banish the nightmare forever? Put yourself at the helm of your business with Burroughs. Leave worry behind with your pad-and-pencil competitors!

BURROUGHS ADDING MACHINE COMPANY
6191 SECOND BOULEVARD, DETROIT, MICHIGAN

Burroughs Adding Machine of Canada, Limited, Windsor, Ontario
Sales and Service Offices in all the Principal Cities of the World

The Burroughs Portable Adding Machine

Adds up to \$1,000,000.00—standard full-visible keyboard—one-hand control—slightly larger than a letterhead—easily carried from counter to office, desk to desk, or business to home.

Price only \$100—delivered in U. S. A.—easy terms if desired.

The Burroughs Calculator

Adds, multiplies, subtracts, divides. No larger than a letterhead—weighs only eleven pounds—durable, efficient, speedy, unfailingly accurate—costs less than any other machine of its type.

Price only \$200—delivered in U. S. A.—easy terms if desired.

What Some Users Say:

"If we used our Burroughs for inventory alone, and then put it away until next inventory time, it would more than pay for itself."

—Billsborough Shoe Store
San Francisco, Calif.

"During the past four years we have been using Burroughs Calculators on inventory work and have found that these machines effect an almost unbelievable saving of time. We would not consider handling our inventory work in any other way."

—S. S. Yresge Company
Detroit, Michigan

"Inventory never interrupts business in our store. With our Burroughs it is done in a day and a half instead of a week, saving time, labor and many dollars."

—A. T. Vaughn, Inc.,
Greenville, S. C.

Burroughs

ADDING-BOOKKEEPING-CALCULATING AND BILLING MACHINES

Selling Christmas Cards

The Credit Problem in a Seasonal Business

By Eleanor Boykin



One of the earliest Christmas cards, from "Christmas Cards and Their Chief Designs," by Gleeson White. Reprinted by permission of Frederick A. Stokes Co., publishers.

THOUGH Christmas has never put a scrap of gold or silver in my pocket, I believe that it has done me good; and I say, God bless it," wrote that Yule-tide eulogist, Charles Dickens. But that was before the greeting-card tide started rising. To-day, there are countless pockets into which Christmas puts enough gold and silver or negotiable paper to last the year round.

Take Christmas cards, for instance. Last year, it is estimated, the sale of greeting-cards in the United States amounted to almost \$55,000,000, and any one can make a fair guess as to the proportion of this sum spent at Christmas time, even with due allowance made for Easter, Valentine and birthday cards.

At the time Dickens was writing, the greeting-card as a Christmas institution was just getting under way. The first Christmas card of which there is any record appeared in England in 1846; the first in America was printed ten years later by Louis Prang & Co. who have now abandoned this field. But whatever the past of the greeting-card, its flourishing present began in 1906 when it was taken up in a serious way by our population as both a substitute for and an extension of Christmas giving. Now, the Christmas mails flood both business and private houses.

It is not to be understood from this account of a new and growing industry that the originators of the "Merry Christmas" cards pocket their money at the season of good will they have helped to promote.

They hope always to do so by the time the "Happy New Years" have gone the rounds, but there are times when checks are still missing on April Fool's Day. So it is that when the rest of us are counting our Christmas greetings one by one and reckoning up our popularity, the creators of these snowy scenes and holly-twined sentiments are counting their accounts receivable with some slight anxiety of heart. Even Christmas, with all its estimable cheer, brings with it the inescapable problems of credit and collections.

In fact, the organization of greeting-card manufacturers, The Greeting-Card Association, was first formed in 1914 as a credit bureau to improve credit conditions in the industry. That phase of the Association's activities has now been given up, but its members are still vitally interested in credit problems, as was evidenced by a credit conference held under its auspices last April and addressed by Dr. Frank A. Fall, of the National Association of Credit Men. The group of credit executives which met in New York at that time under the chairmanship of George E. Milner, of Milner Bros., Inc., Brooklyn, N. Y., decided to perpetuate itself by annual meetings, the next to be held in Boston in the spring. There is no doubt but that these conferences, held just when orders are pouring in, will help to make Christmas merrier for the credit managers whose fortunes are tied up with the all-important holiday.

"What is the chief stumper of the credit

manager in the greeting-card business?" was asked of Mr. Milner who has long been actively interested in credit questions, particularly those of his own industry.

Bills Dated Ahead

His answer at once was, "Here it is. Although Christmas cards are shipped from the first of July on, it is the trade custom to date all bills December 1, making them due January 1. Easter and Valentine cards are ordered for shipment on January 15. When this day comes and a customer has not paid his Christmas bill, the credit manager is faced with the question, 'Shall I ship the next lot or not?' If he approves shipment, he may be only walking deeper into loss; if he refuses, the stock of seasonable goods, unsalable in a few weeks, may be left on his hands to take up space and remind him of a wasted investment, in time and money.

"What do the men in this position do? Well, sometimes, they hurdle the bar, and take the risk. In any event, they must make an investigation to see if they can get any guidance from the experience of others with the delinquent. Here can be brought into operation the principle of Credit Interchange, in which I am a great believer.

"It happens that we do not handle these special-day cards, confining our lines to Christmas cards and what are called everyday cards, so I escape that particular per-

(Continued on page 19)

Our Present Economic System

Laissez-Faire Combined with State Enterprise

Concluding Article in the CREDIT MONTHLY'S Series on Economics

By Bernard M. Broudy, B.S., M.B.A.

THE economic organization that has been described in this series of articles is quite distinct from any political organization of society. While economic and political organizations are largely independent of each other, the degree of their independence varies from time to time and from country to country, and is never complete. The two affect each other, and much discussion and controversy exist as to the proper relation between them.

During the nineteenth century the view that the relation of the State to economic organization should be as distinct and independent as possible, had the most influence. The system of State regulation then in force was obsolete and harmful, and so had discredited itself. A movement existed in the first half of the century for the abolition of the obsolete system and this grew in the latter part of the century into a movement to impose new regulations adapted to the new conditions of industry. However, society, in spite of these new regulations, still relies on competition rather than on direct State action, to secure harmony between public and private interests.

The present social system in regard to economic activities is based, according to our authority, Clay, on two institutions, *property and freedom of enterprise*. By the institution of property (or private wealth) society allows a person the exclusive use and control of any wealth he may acquire. By freedom of enterprise society allows a person to seek wealth in any manner he chooses. There are limits, of course, both to the rights of property and to freedom of enterprise, set forth by law; outright theft and violence are excluded from freedom of enterprise, and taxation is obviously an encroachment on the exclusive control of wealth by individuals. Still, the portion of the economic field in which property rights and freedom of enterprise do not operate is small in comparison with the portion in which they do operate; the *presumption* in the case of any form of wealth is always that some owner has the absolute control of it, the *presumption* in the case of any trade is always that any individual is free to enter it. The nature of these institutions is brought out by a comparison with medieval society, in which the idea that any individual should have exclusive control of land or freedom to enter any trade or occupation he liked would have been thought ridiculous. Property, that is, the exclusive use of wealth, is the inducement offered by society to get individuals to compete in producing wealth; freedom of enterprise is the device on which society relies to insure that no one shall acquire wealth without competition.

Market Value an Indicator

The indicator that production follows, the guide that tells individuals to what purposes to apply their labor or their capital or their land, is *market value*. Value, we have seen, depends on the relation of supply and demand. Society—since nor-

mally it makes no other provision for directing its productive forces—assumes that value is an adequate indicator of wants, and that with this automatic indicator nothing further is required to secure the most economic application of productive forces to need.

For the regulation of production and distribution in the public interest, society relies on *competition*. In one of the previous articles we examined competition and saw that it works in two directions. Trades, firms and individuals compete to *sell* their products and services; likewise, they compete to *buy*. The competition to sell tends to force prices down to the cost of production. This effect of competition is the chief influence on which society relies to protect the consumer against exploitation. The competition to buy tends to force prices up. This effect of competition is the influence on which society relies to secure fair treatment of the producer. In the long run, competition gives the benefit of improved methods to the consumer in the form of reduced prices; and since competition to sell is usually stronger than competition to buy, the free play allowed by society works on the whole in the interest of the public as consumers rather than as producers. Because society normally relies in this way on competition for regulation of production and distribution, the phrase "the present competitive system" is a just description of the present economic organization.

State Control

Experience has shown that in spite of the theory, society cannot, without many bad results, leave production and distribution entirely to the regulating influence of competition. There has been a steady growth of State interference with industry ever since the doctrine of non-interference was first promulgated. The early factory system was the source of many evils. Unsanitary conditions, long hours, risk of accidents from machinery, child labor, all these compelled the state to interfere in defiance of any economic principles. Laws were passed to regulate sanitation, ventilation, hours of work, age of workers, safety devices, even medical inspection and wages. This interference by the State does not supersede private enterprise and does not abolish competition. It merely places limits on the freedom of private enterprise and imposes some limiting conditions on competition.

Likewise, the State has been forced to interfere on behalf of consumers. Normally society leaves the quality of commodities to be maintained by competition, the theory being that consumers will exercise good judgment and purchase the products of those firms that give the best quality at a given price. In practice consumers do not always use this judgment; they consider price rather than quality, frequently they lack the knowledge necessary to judge quality, and the effect of competition is just as often to beat down

quality as to reduce price. The State therefore has had to impose a sort of minimum quality in the case of certain products and services. The medical and legal professions are examples of the latter.

The tariff is an example of State interference on a wholesale scale. It is justified partly on economic and partly on political ground, as distinguished from the preceding examples which were based partly on grounds of morality or general social advantage.

There is an increasing number of cases in which the State has found itself forced to depart from its usual rule and to supersede private enterprise altogether. One case is monopoly, especially those industries where efficiency can be secured only by monopoly. Public utility service, railways, and postal and telegraph organizations are the outstanding examples.

A second case in which the state has superseded private enterprise is the case of certain services of which education is the type. The State has taken control not because of a need for efficiency but in order to maintain the necessary quantity and quality.

Finally there are those services, the ordinary functions of government, that have never been left to private enterprise. The State exists because individuals living together in a society want services which can be provided only by the organization we call the State. They want laws to define their rights and an executive to enforce those laws, to maintain order, and to defend and protect the State from attack. Existing for these fundamental purposes, the State proves to be the most convenient organization for supplying many other services, thus making it difficult to set any limit to its functions. These services cost something to provide and have to be paid for; *taxes* are the price we pay for the services of government. Government services are distinguished from other services first because they cannot as a rule be measured and allocated to individuals, and secondly, because we are compelled to accept them whatever the charge made.

Assumptions of the Present System

The present economic system depends for its justification upon four general assumptions. It is at these four points that Clay aims most of his criticism.

The first is the assumption of adequate self-interest. It is on this assumption that consumers are expected to play off competing producers against one another and so keep prices down toward the cost of production. But the inertia which leads people to buy from the nearest shop, or from the shop they have always bought from; the feeling of friendship which leads firms to maintain economic relations, even when more advantageous terms might be obtained elsewhere; the ignorance which makes consumers eager to purchase anything for which a fashion can be created; all these go to show that the

(Continued on page 31)

A Christmas Thought

for CREDIT
MONTHLY
and its
Readers . . .

Genuine good will needs no special occasion for its display . . . but during this season of universal Good Will it is particularly fitting for this Company to voice its sincere appreciation for many evidences of widespread good will; and, as well as cold type can express our thoughts, to convey our hearty greetings and good wishes for prosperity and happiness to CREDIT MONTHLY and its many readers.

Ralph B. Ins
President



Standard Invoice Form

Order No. & Date Requisition No. Contract No. Shipped to Destination	Invoice Date Invoice No. Shipper's Order No.	Column Reserved For Use Of Customer P. A. Invoice No. Voucher No.		
Terms		<input type="checkbox"/> With Order <input type="checkbox"/> F. O. B. Point <input type="checkbox"/> Price <input type="checkbox"/> Calculations <input type="checkbox"/> Transportation <input type="checkbox"/> Trans. Chg'd Back		
Date Shipped _____ From _____ O. B. _____ Car No. and Init. _____ How Shipped and Route _____				
DESCRIPTION		QUANTITY (Show Unit)	PRICE PER UNIT	AMOUNT
Above Materials received _____ 192_____ and found _____ satisfactory (Signed) _____ (Title) _____ Charge Account _____ Approved _____ Approved _____				

The standard invoice form shown above is recommended by the National Association of Purchasing Agents, which is actively bringing the advantages of using this standard form to the attention of business concerns. This form was first adopted in 1921, and recommended to their members by the National Association of Purchasing Agents, the National Association of Cost Accountants, the American Railway Association and the Railway Accounting Officers Association.

This form also has the support of the U. S. Department of Commerce. At a national conference held in 1925 under the auspices of the Division of Simplified Practice, U. S. Department of Commerce, the form was unanimously endorsed. Written endorsements of the national standard invoice form have already been received from more than 81 nationally known trade associations, over 30 large railroad systems, and hundreds of corporations throughout the country.

The advantages of standardizing invoice forms in size and content are these: Misunderstandings and inconvenience to busi-

ness are eliminated; shipments and settlements of accounts are expedited, clerical personnel may be reduced, at a great saving; paper may be economized by the ability to cut from standard size stock without waste; correspondence may be cut down, since all necessary information is included on the forms themselves; time in filing and handling while being checked is saved, and uniformity of size saves filing space.

The standard invoice form is printed on a sheet 8½ inches wide and either 7, 11, or 14 inches long, with a tolerance of ⅜ of an inch in either dimension. Invoices longer than 7 inches should have dots or short rules printed on the sides 7 inches from the top to indicate the point of fold. The heading may be moved down, if more space is required for the shipper's name, address, etc., and the line spacing may be suited to machine or hand writing maintaining the same relative position.

For further information in regard to the standard invoice the National Association of Purchasing Agents, Woolworth Building, New York, may be addressed.

Credit Education Needed

A READER of the CREDIT MONTHLY sends the following copy of a letter written to a wholesale house by a customer who had refused to furnish financial statements to both Dun and Bradstreet:

"January 27.

"Gentlemen:

"As per your wire today, we enclose herewith our check for the balance of our December account. We have not included the August bill or the September bill, both of which are somewhat past due owing to the fact that we have mislaid these invoices and therefore request that you send us duplicates.

"We wish to inform you that we are very much dissatisfied with your method of conducting business. It is our understanding that we were to be allowed 60

days credit. If this is incorrect, we feel that you might at least have notified us before stopping shipments and given us a chance to pay the overdue account. We think that under any circumstances your measures were rather drastic as this account was not more than 30 days overdue.

"With reference to furnishing you with a financial statement, we have never heard of this being customary in business houses. We have furnished financial statements to our Bank and to Dun and Bradstreet from whom you could easily have obtained this information by paying their customary fees, which we assure you are very liberal.

"We have advised our factory of your attitude and they will probably notify you in the near future whether or not they will continue to do business with you."

Selling Christmas Cards

(Continued from page 16)

TERMS ON CHRISTMAS GOODS

3 1/4%	Discount If Paid On or Before	Sept. 10th
3%	" " " " " "	Oct. 10th
2 1/4%	" " " " " "	Nov. 10th
2%	" " " " " "	Dec. 10th
Net		Jan. 1st

Positively no Discount allowed after
DEC. 10th

This sticker is attached to invoices sent out by Milner Bros. Inc., with shipments of Christmas greeting-cards to encourage customers to discount. The bills have a December 1 dating, although the goods are shipped from the factory at various times after July 1.

plexity. It also happens that our company caters to the larger and better financed companies, and many of them discount their bills."

The last few weeks before Christmas are notable for the Christmas-card stands which pop up as firecracker stands used to do around the Fourth of July, apparently from nowhere. It was natural to ask Mr. Milner about these fly-by-nights.

"The hawkers are not of much concern to us," he replied. "They usually buy for cash from the jobbers. As for the man who opens up a shop temporarily, to draw business from the established dealers of a neighborhood, we discourage his trade. We do not see the sense in using him as a market when it means hurting a man who is our customer the year round."

"Another outlet we do not encourage is the church organization which wants to make money out of the Christmas card habit of its members. However worthy the cause for which the money is being raised, it is not fair for the society to take trade away from a merchant, probably a supporter of the church, who must keep a stock of supplies on hand all the time to take care of the demands of his patrons, yet must depend upon the last month of the year for his best profits."

Regarding the aims of the credit conferences of the Greeting-Card Association, Mr. Milner said, "In the first place, we dealers in credit want to find out from our talks together the best methods of disseminating information among the various credit departments represented in the association. And the best start in that direction is for us to know one another. We also expect to form a tie-up between the Sales and Credit Departments, which unfortunately sometimes think they are working at cross-purposes. Our conferences can help to reconcile the two points of view that sometimes cause friction between sales and credit managers."

"Anyone Can Give Away Merchandise"

Among the companies affiliated with the Greeting-Card Credit Conference and also with the National Association of Credit Men is the Charles S. Clark Company, of New York, manufacturers of greeting cards and novelties.

Questioned about methods used in their credit department, a representative of the company stated:

"We know there is a tendency in some quarters to think of the credit manager in a business where the unit of sale is not

large as checking credits in the gambler's spirit, but this is not our idea here. We do not fall back on the law of averages to protect us. When an order comes in from a new account we do not ship first and make inquiries afterward, lest one of our competitors may take the chance and get ahead of us. Whether the order is small or large, we make our inquiries before shipping. Anybody can give away merchandise; the object of business is to sell it.

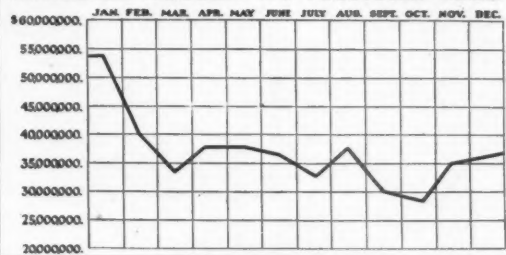
"Although we have a heavy Christmas card trade, it does not overbalance the rest of our business, which is made up of a steady sale of every-day cards, bridge talies, dance cards and novelties of various kinds. This keeps us in constant contact with our customers and avoids the difficulties that arise from a once-a-year sale. We sell through our salesmen only to retailers, not to jobbers.

"When a salesman sends in an order from a new customer, he is required to send with it the form we call our NEW CUSTOMER'S APPLICATION FOR CREDIT (Fig. 1). This he fills out with information given him by the buyer. Beyond this, we ask nothing further of the salesman with regard to the establishing of his customer's credit, because we feel that his time and enthusiasm should be left as free as possible for selling. Besides, we consider credit granting as creative a field as selling and we operate on this basis of specialization. Naturally, we rely on the salesman to pass on to us, as he travels about in his territory, any news or information which comes to him that would have a bearing on a customer's credit standing, but this obligation is not made a burden.

"If an applicant is satisfactorily rated by

(Continued on page 27)

FAILURE LOSSES BY MONTHS 1925



What Month Do Most of Your Customers Fail?

In this interesting chart, which shows the failure losses of the United States for 1925, January is highest, and October lowest. But this year just the reverse might be true. And next year still a different result. Such is the actual history of commercial failures.

It proves that you simply cannot tell in advance just when failures and bad debt losses are going to hit you, or from what source. Small wonder, then, that more and more prudent Credit Managers every year are **PROTECTING** their firms' resources against the unknown and unexpected, with American Credit Insurance.

Policies scientifically designed to fit your exact needs. Let us tell you about them.

The AMERICAN
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Use This Book Every



"That's it!" says the Credit Manager enthusiastically. "The answer to this question, and to a thousand others coming up day after day, are right in that one book!"

Authoritative answers to questions that must be dealt with promptly are readily found in the "Credit Man's Diary and Manual of Commercial Laws for 1927," with its detailed Index and Reader's Guide. A cloth-bound book of 618 pages (42 more than last year).

THE BOOK CONTAINS:

the full text of the Bankruptcy Law with the recent amendments explained; list of referees; complete record of the many important changes made in State laws affecting credits, secured from the Advisory Editorial Board of Attorneys which covers every State in the Union; information in convenient form on Sales, Contracts and Cancellations, Guarantees, Liens, Exemptions, Foreign Corporations, Chattel Mortgages, Consignments, Negotiable Instruments, Acceptances, Trusts and Combinations, Liability, Bulk Sales, Assignments, Bad Check Laws, Attachments, False Statements, Claims, Income and Stamp Tax, Postage Rates, Air Mail, a list of 100 Business Books, etc.

Can you afford to be without such a book? Order now and start the year using its Diary pages.

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To get th
\$3.50 (re

Every Business Day!

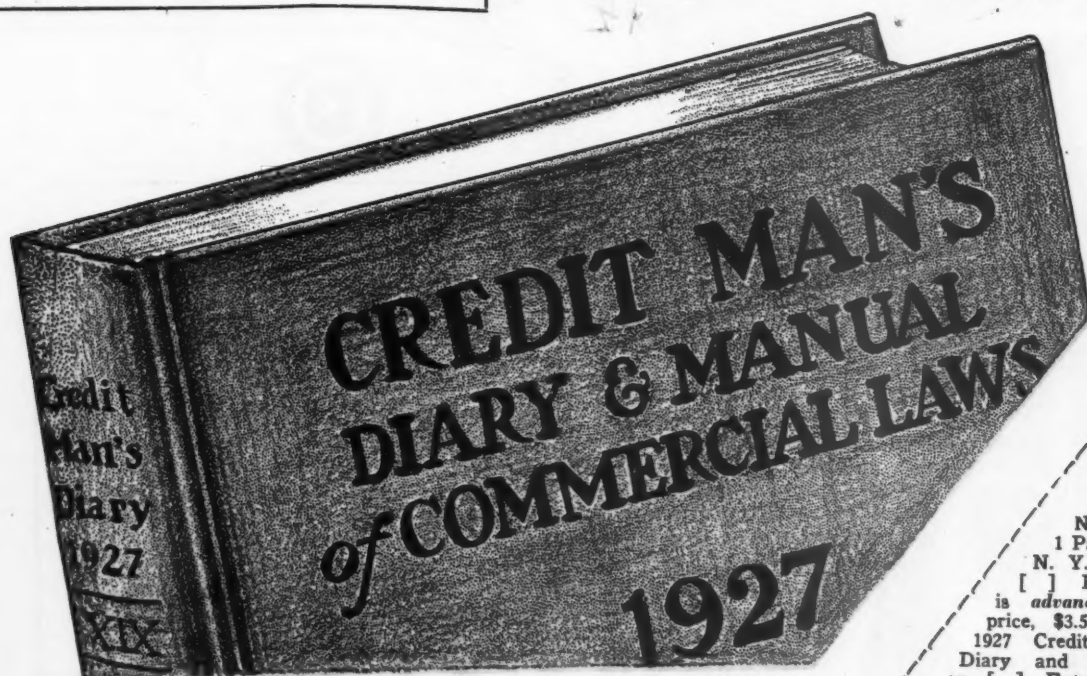
The unrivalled usefulness of the "Credit Man's Diary and Manual of Commercial Laws" is proved by such comments as

- "Surely indispensable for credit managers." (*New York.*)
- "Would not think of getting along without it each year." (*Brattleboro.*)
- "Very valuable. Would like to see it in the hands of every credit man." (*Philadelphia.*)
- "Using it for some years. I should not want to be without it." (*New Orleans.*)
- "A useful book. Certainly a big help to many credit managers." (*Kansas City.*)
- "Considerably more than \$3.50 worth. Send us two additional copies." (*Springfield, Mo.*)
- "Most complete and reliable commercial law treatise in our office. We refer to it many times weekly." (*Newton, Ia.*)
- "Working without this book is like a mechanic working without one of his most important tools." (*Cleveland.*)
- "Used daily. I appreciate the work that is being done by the Association in this connection." (*San Francisco.*)

And thousands of experienced credit executives express their opinion of the book by ordering, year after year, each annual edition, with its ample Diary pages.

To get this book at advance order price, \$3.50 (regular price \$4) order must be mailed before Dec. 15

The 1926 Edition was sold out.
Make sure of getting your copy of
the 1927 Edition by ordering
NOW. See coupon:



Sent on 5 days' APPROVAL to any N.A.C.M. member. Just write on your order, "Send on approval."

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Diary and Manual.
or [] Enter order
and bill in due course

(Individual)
(Co.)
(Address)

The Decade of Growing Pains

Co-operation was Lacking in the 'Eighties

By J. H. Tregoe, Executive Mgr., N. A. C. M.

ON JANUARY 1, 1879, specie payment was resumed, after repeated and savage efforts to repeal the Resumption Act of 1875. December 1, 1878, found the United States Treasury with a gold fund of \$114,193,000 in excess of gold certificates outstanding. Of this sum, held in reserve for the redemption of the legal tender notes, 95½ millions had been obtained by the sale of bonds, and some of these bonds had been disposed of in Europe. Parity between the legal tender notes amounting at the time of specie payment resumption to \$346,681,000 and gold, was restored after we had operated on a depreciated currency for more than a decade. The experiment was regarded dubiously at home and abroad. The gold reserve was but 40 per cent. of the outstanding notes, and there was but a limited amount of gold in the banks of the country. In seeming fulfillment of the fears expressed, the early months of 1879 found our export balance declining rapidly. There was a slackening of domestic trade. Iron was offered for less than the cost of production. There were appearances of stagnation—and then the scene changed.

Unfavorable weather conditions abroad affected the growing grain crops. There was no improvement as harvests approached, calamity seemed imminent,

The causes leading up to the establishment, in 1896, of the National Association of Credit Men are described by Mr. Tregoe in the series of articles of which this is the second.

Chapter 1, published last month, of this account of the beginnings of a great movement, was entitled by our credit historian, "The Year of Awakening, 1876."

while our own fields produced splendidly. The foreign demand, because of the failures of Europe's crops, assumed such large dimensions that in one period of the Fall we were shipping of our wheat a million bushels a day.

This turned the tide of gold in our direction, and settled definitely the resumption question. There followed a trade revival and the stage was set for the opening of the Decade of Growing Pains,—the 'Eighties.

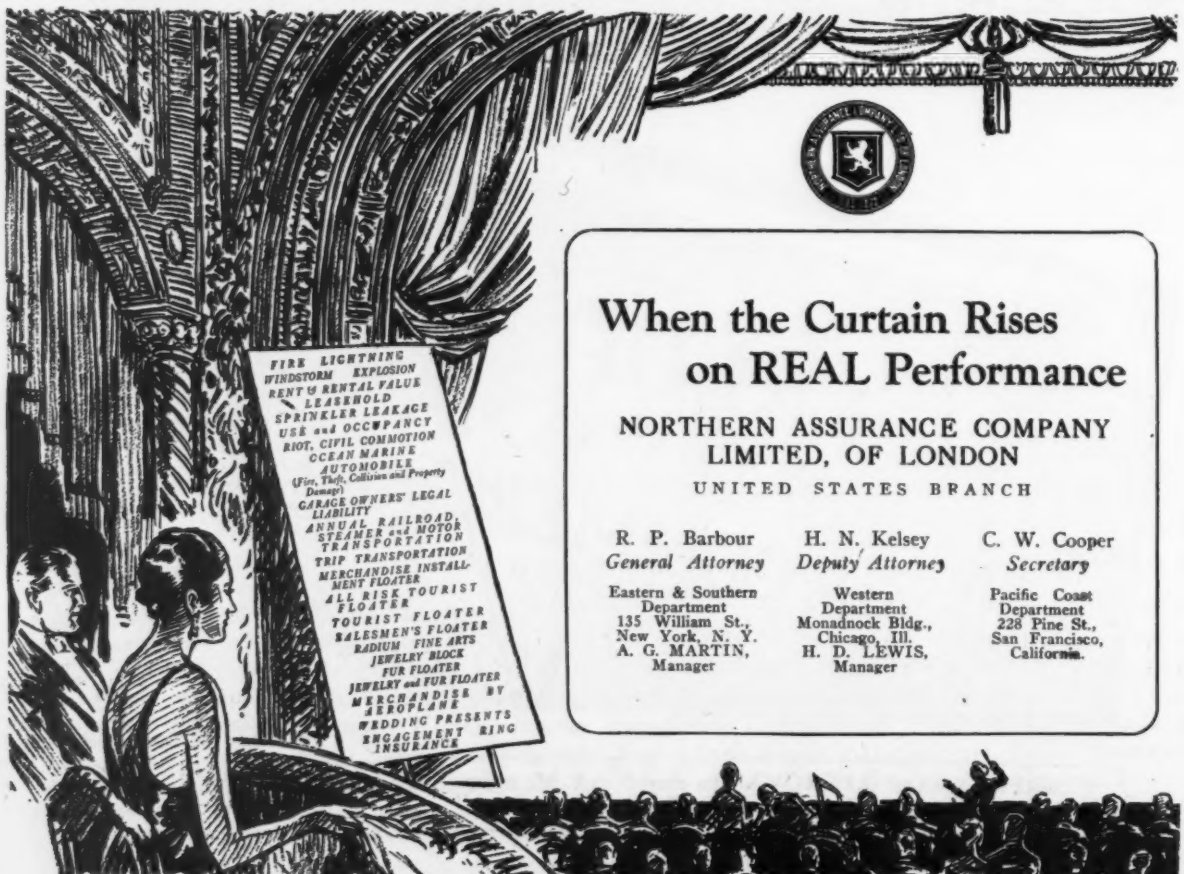
Like a young giant trying to beat down the bars of his prison, the 'Eighties were ushered in. There were serious endeavors to capitalize the opportunities of this new era, but without judicious control and the proper credit facilities the efforts developed into speculative manias, which collapsed.

The trade revival was on when 1879 passed out. There followed wild attempts to levitate the prices of wheat beyond reason, but this speculative effort collapsed in 1881. The same result followed a similar attempt with iron, whose price was doubled because there was no solid foundation to the movement.

These speculative manias too frequently lacked a sense of commercial honor. This was the period when in the railway field the practices of the day were highly speculative. The insidious treatment of our resources found their fruition in the panic of 1893.

There were 1514 separate railways in 1880, and juggling their securities was a speculative pastime. Although that year was regarded as prosperous something was needed to make it really substantial, and that something was an intelligently controlled credit supply.

Our population at the beginning of the 'Eighties was a little more than fifty millions. Our farm property was valued at 12 billions and the produce of the farms at two and a quarter billions. The cotton we produced in 1880 amounted to 6,600,000 bales. Nearly 164 million tons of coal; 27,000 tons of copper; 1,100,000 gallons of petroleum; 3,800,000 tons of pig iron; 1,247,000 tons of steel.



**When the Curtain Rises
on REAL Performance**

**NORTHERN ASSURANCE COMPANY
LIMITED, OF LONDON**

UNITED STATES BRANCH

R. P. Barbour General Attorney	H. N. Kelsey Deputy Attorney	C. W. Cooper Secretary
Eastern & Southern Department 135 William St. New York, N. Y. A. G. MARTIN, Manager	Western Department Monadnock Bldg., Chicago, Ill. H. D. LEWIS, Manager	Pacific Coast Department 228 Pine St., San Francisco, California.

Our factories in 1880 turned out goods valued at about five and a half billions. Our exports that year were \$823,946,053, and our imports \$667,954,746. The entire stock of money we possessed was \$1,185,550,327, with a circulation of \$19.41 per capita.

The total cost of running our Federal Government in 1880 was \$267,642,958. Our bank clearings did not exceed fifty billions. The deposits in our banks a little more than two billions. There were, in 1880, 5,000 failures with liabilities of \$66,000,000.

The silver agitation took on velocity at the beginning of the 'Eighties and cheap money was loudly demanded by its advocates.

The trade and price movements of 1880 and 1881 began to slow down in 1882, and the slowing down process continued to 1884, when a serious disturbance happened in our stock market, and uncovered some highly speculative practices.

Forcing silver dollars into circulation under the Act of 1887, when they were not needed, displaced gold; and, as bank clearances fell off seriously in the slowing down of business, there crept into financial circles a disquieting feeling. Under the surface of the speculative movements there was no foundation, and too frequently there was discovered a lack of moral backbone.

The financial disturbance in the Spring of 1884 was of serious proportions and there came to light some turpitude in financial circles that shocked the business community. The President of a large New York bank was found guilty of stealing more than three million dollars from the institution. A Wall Street firm failed, with liabilities of sixteen millions, and assets of about sixty-seven thousand. Another well known banking institution in New York had been looted by its president. These disclosures came within the course of a week. The Decade of Growing Pains was meeting with some serious setbacks.

A Credit Technique Lacking

A fall in prices followed the economic disturbance in the Spring of 1884. Especially sharp was the decline in agricultural prices. The world production of wheat in 1884 was the largest in many years, and the price fell considerably. As this sagging of prices happened in the face of an increased money circulation, the trouble could not justly be ascribed to an insufficient money supply. There was really a supply sufficient to stabilize conditions had there been a technique which could have founded, on the money we possessed, a good credit supply.

In 1885 agricultural prices were also low. The continuous adding of silver complicated conditions, farmers became dissatisfied. The situation was blamed by agriculturists on a lack of money, and as a result a free silver coinage bill appeared in the Congress of 1886. Fortunately the bill failed in the two Houses.

The disturbance of 1884 worked itself out as such disturbances usually do; and in 1886 the stage was again set for another speculative orgy. There was still no credit foundation for the attempt, but the nation's youthful impulse could not be restrained.

The year 1886 brought also serious labor agitation. It was practically a free fight for all. In the Spring, the Knights of Labor organization tried its strength, with strikes on the Missouri Pacific Railway, the Chicago, Milwaukee Railway,

and the street railways of New York. These were followed by the memorable anarchist tragedy in Chicago, after which there was a subsidence of labor agitation until 1888. It is interesting to recall that Henry George figured at this period, became very popular with labor, and after a remarkable prominence passed from the scene.

The violence of speculative orgy that began in 1886 increased in 1887, with levitations in the prices of wheat and other basic commodities. In 1887 our railways laid down 12,787 miles of track, thus greatly stimulating the production of steel.

The speculative mania reached out to the land. Forty-nine million acres of public land were bought in 1888 and 1889.

Land values in the South and the West rose rapidly, and the dreams of the real estate operators were something wonderful to behold.

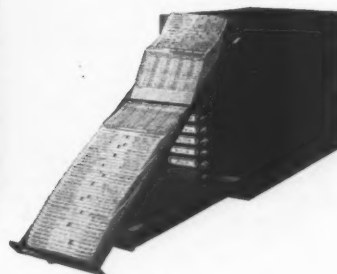
In Alabama there had been found rich mineral deposits, afterwards capitalized in the building up of its coal and steel industries. A fancy came to the people that throughout the Appalachian Range minerals would be found and fabricated, that would convert farms into busy industrial cities. The money that thus went the way of rash speculation in the late 'Eighties challenged the sanity of the times.

Great Britain Sends Goods

Incidental to this fever of production and land speculation, Great Britain be-
(Continued on page 33)



Acme is the world's largest company specializing exclusively in visible record equipment. Offices in principal cities.



"Didn't pay up! How many didn't?"

"Fourteen," said the credit man, turning to his Acme cabinet. "Here they are—these cards with the red signals. This tray carries the \$50 a month installments so we're \$700 shy on them for November. This column shows they have already had collection letters No. 1 and No. 2, yet not one of them has answered."

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Forms that perfectly suit your business and fit in with your methods can readily be devised by an expert Acme man near you. You'll find him mighty helpful, for he has a very wide experience based on contacts with scores of problems similar to your own.

Checking the coupon will bring him to you—or a copy of our new book, "Profitable Business Control."

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<input type="checkbox"/> You may send me a copy of "Profitable Business Control."		
NAME.....		
FIRM NAME.....		
CITY.....STATE.....		

The Seyyid and the Sheikh

Credit in the Basrah Date-Packing District

By Alphonse Tonietti

The author, who describes an actual business transaction with its various credit phases, speaks Arabic like a native and has travelled extensively in the Orient.

"EVERY family in our village will prosper in the coming season," said Seyyid Ahmed jubilantly. And simultaneously his right hand shot up to his greenish, squat head-gear, cocking it at a greater angle—an Arab's way of expressing his pride of achievement.

A green head-kerchief is worn by those Arabs who claim descent from the Prophet Mohammed. They are addressed by all and sundry by the reverential title of "Seyyid" and are reputed to inherit the power of a "vengeful eye"—a scathing influence with which Allah endows the offspring of his "Chosen One" for their own defense.

Seyyid Ahmed, the business man, skilled in getting as well as granting credit, is one of the shining lights in Gharraf, a village about two days' journey upstream from the port of Basrah, Mesopotamia. As he stood before Sheikh Majeed Al-Hachimi, the village head,—and by the same token the banker and arbiter of commercial and other disputes,—in the sumptuous mud-built mudheef—a sort of reception-hall—he explained to that worthy that the next would be a year of plenty as a result of his success in finding work for every available hand in the village during the forthcoming date-packing season.

"Inshallah! Allah prosper your efforts, O revered kin of our holy Prophet," Sheikh Majeed retorted. "Inshallah! (Allah willing!) But have you made sure, O Seyyid, that the Christian infidels will supply you with all the necessary reed mats and bamboo wherewith to build sheltering huts for protecting the honor and insuring the privacy to which every Moslem woman is entitled?"

"By my honored Forefather's sinless beard I have!" assured the Seyyid. "Let this contract and *arboon* tell your Excellence their tale!" Thus saying he drew out of his breast-fold a roll of paper and a velvet purse containing the *arboon*



THE SEYYID

or earnest-money in Indian rupees. This was the first instalment of the payment made to bind the bargain.

Sheikh Majeed took up the contract and unrolled it carefully. He followed every line with his knowing, penetrating glance; scanned minutely every signet seal; saw to it that the name of Allah and Mohammed were duly inscribed at the top, thus insuring good luck; and satisfied himself that the government revenue stamp bore the signature over the seal of both parties concerned;—a creditable feat for one who could not read a single letter. But habit and long experience with men and affairs had taught him that in order to be valid a contract must bear certain earmarks. Otherwise Allah forbid that he should enforce its terms!

"A worthy contract, a worthy contract, wallah! (by Allah!)" Sheikh Majeed approved half audibly. "And all our rights are well protected. But the *ar-*

boon, the *arboon*! By Aly the Beloved of Allah, you should have asked for more!" He was agog to know the amount.

"By the sacred maimed arm of Hassan, by the blood-fount of Kerbala, I threatened to leave the Christians," and Seyyid Ahmed's eyes glowered with vehemence at this unexpected lapse in his Sheikh's appreciation. "Wallah! I even threatened to come back empty-handed in order to warn our tribes against going to Basrah, and might have done so if the polluting Christian infidels had not raised the *arboon*. There is no art of suasion my Arab ancestors taught me which I did not use to convince them. What, my good Sheikh, five hundred rupees are not enough! Allah make you live as many years!"

"The more you get out of these well-fed Christians the greater your merit in the eyes of Allah!" and the Sheikh piously stroked his rank whiskers.

"May rose-attared sweetmeats and honey fill your Excellence's mouth for this wondrous thought!" ejaculated the enthused Seyyid. "Surely Allah in his great mercy has deigned to give these greedy Christians but the short-lived enjoyment of this world in order the further to swamp them with temptations, thus reserving paradise and its delights for us Moslems."

As a matter of fact the Sheikh had not expected half that much *arboon*. Since the War in Mesopotamia and the coming of the *Ingleez*, as the English are called by the Arabs, things had begun to assume a different aspect. Money flowed freely as the ebb of the Great River, Shatt-al-Arab, whose flood comprised the descending streams of the Tigris and Euphrates at their confluence not far from the village of Gharraf. The men of the various straggling settlements had responded to the call of money, leaving their villages and seeking employment in



Before starting on a journey, pay your debts! (Koran II, 283)

the port of Basrah. (Only a limited number of men were detained in the village by the Sheikh for the defense of the women and children.) These men represented the various families which made up the village tribe.

News of Seyyid Ahmed's arrival from Basrah with a "long contract" and a huge *arboon* soon leaked out and the spokesmen of the various families immediately crawled out of their reed huts and hastened to the *mudheef*. Effusive indeed was their greeting of the returning hero whose funds were soon to line their purses. There was hardly anything said but welcoming wishes, as age-old usage and sagacity prescribed on such occasions. Fully a half hour was thus occupied while the coffee-man poured out his accustomed round of the black, thick beverage in wide-mouthed china cups which he artfully clinked in his left hand as the steaming delicacy flowed into them.

"May the Prophet be praised for bringing you back alive and well!" the stocky Jabir al-Barghash continued to the welcoming roundelay. "And how be your precious health, O Seyyidna?"

"Our Prophet forbid that the Christians should not treat you most becomingly!" another villager chimed in. "Inshallah you have not allowed your honored hands to touch the unclean food of the *Ingleez*."

"Allah's bird of pardon hover over your blessed head!" was the greeting of Hajji Abid as he entered the *mudheef*, giving the Seyyid the kiss of peace. "May you be living in the Prophet's weal!"

Then came the Seyyid's turn to inquire about the health and well-being of the members of the various families, one by one, lest anybody be slighted by an inadvertent omission. At first the answer was that they were all well awaiting the return of the Seyyid and his good news to voice their needs. In the meanwhile they had all wished him long life and prayed for his triumph over the unbelieving Christians.

"Only," put in Ali Ibn Sarhan, "but let not this trouble your Seyyid's breast, only our sister Marhoona has been stricken with fever and we had to send a messenger to Ashar for medicines. You know how heartless these Jewish perfume-dealers are. Marhoona did not have a purse, so these worthy brothers had to share the expenses with me."

"Allah bear witness you have spoken truly, O Ali," corroborated the messenger. "The trip cost me more than I could tell. Besides, I left my durra patch untended while I was away."

The rain has been scanty this year, O Seyyid," pleaded another, "and our crops have been more than meagre. Our debts are heavy and they must be paid off before we leave for Basrah."

"Even so said the Prophet," the village Mullah (religious doctor, bowed reverently. "May Allah's prayers be on him! He enjoins us: 'Before starting on a journey, pay your debts!'"

Seyyid Ahmed had forestalled all this. He consequently remained silent, looking expectantly towards Sheikh Majeed for a decisive reply. Like the true student of human nature that every tribal head is, Sheikh Majeed allowed every one of his followers to give vent to his complaints against the hard times. He even turned towards them attentive ears

(Continued on page 32)

"Those Vital Credit Records —You Want to Keep Them Safe!"

A MAN cannot be too careful about his credit accounts.

Once those vital records are lost—once the matter of payment is left to the debtor's honesty—how many would come in and pay?

Some, of course. Probably not many. You can't afford to take the risk in a gamble with fire or thieves.

Fire, even in a fireproof building, can consume the contents of any office. In a few minutes, any time, your business and private papers may be destroyed. Some of them never could be replaced.

A Shaw-Walker Executive Safe gives permanent protection to records and private documents. This model, \$125, with interiors to suit at moderate extra cost. A complete line of Shaw-Walker Safes, \$100, \$125, \$210 and up.

When the cost of security is so low, get your valuable papers behind steel walls now. See this new Executive Safe at your local Shaw-Walker office or mail coupon below.



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Send me without obligation your free booklet, "Years to Create, Minutes to Cremate," which shows me how to protect my records.

Name

Address

Answers to Credit Questions

National Association of Credit Men

One Park Avenue, New York

Q. Can a trustee in bankruptcy maintain an action under the Bulk Sales Law to set aside a transfer made by the Bankrupt without notice to creditors?

A. In a decision handed down by the N. Y. Supreme Court, N. Y. County,—under date of Feb. 25, 1926, and reported in the advance sheets of the miscellaneous reports dated Nov. 13, 1926, (128 N. Y. Misc. 105) the Court said:—

"One Salvatore Chieffo was adjudicated a bankrupt on May 16, 1925. The plaintiff was duly appointed trustee in bankruptcy on or about the 19th day of June, 1925. This action is predicated upon the theory that the defendant, in the purchase from Chieffo of the merchandise and fixtures in a garage located at No. 12 North William Street, White Plains, failed to comply with the provisions of section 44 of the Personal Property Law of the State (as amd. by Laws of 1914, chap. 507). It is alleged that the sale took place on the 31st day of December, 1924, more than four months prior to the date of the adjudication.

"The main question at issue is as to whether or not the plaintiff, in his capacity as trustee, is vested with the authority to commence this action under the provisions of section 44. The trustee in

As To Legal Advice

THE National Association of Credit Men supplies answers to credit questions and some of the answers, of general interest, are printed regularly in the *Credit Monthly*. Advice cannot be given, however, regarding legal rights and liabilities. Such advice should be obtained from an attorney to whom all the facts should be stated. When such inquiries are received, information is furnished only as to the general principles of law involved.

bankruptcy upon his appointment acquires the right to administer the bankrupt's estate. It has been said that the trustee steps into the shoes of the bankrupt. He has the power under the provision of paragraph e of section 67 of the Bankruptcy Act, to set aside a transfer of property in fraud of creditors. It must be conceded that section 44 of the Personal Property Law was not enacted to protect the individual who makes a sale of goods in bulk, but was designed simply to protect those who were creditors at

the time the sale took place. In *Aper Leasing Co., Inc., v. Litke* (173 App. Div. 323; affd., without opinion, 225 N. Y. 625) Mr. Justice Smith said: "The Bulk Sales Act being in derogation of common law must be strictly construed. The transfers therein specified are made void as against the creditors of the seller, unless such creditors' names are included in the inventory and a notice be given to such creditors of such sale. The provisions of the statute, therefore, could hardly be applicable to parties who were not creditors at the time of the transfer, and who only might become creditors upon the happening of some contingency. It will be noticed that the Bulk Sales Act, as it now stands, declares a transfer made in violation thereof absolutely void, irrespective of any fraudulent intent on the part of the transferor."

"The provisions of the statute are applicable to those who were creditors of Chieffo on December 31, 1924. If they should see fit not to press their claims under the provisions of section 44 of the Personal Property Law, those who became creditors thereafter could not enjoy the benefits which would result from a judgment of the court declaring the transfer void. Assuming that a sale complained of involved a large amount of money, and that the claim of a creditor, who is protected by the provisions of the Personal Property Law, was exceedingly small, would it follow that the whole transaction should be declared void? I think not. The purpose is only to protect those who were creditors at the time of the sale, to the extent only of their lawful claims. The right is an individual one, which may or may not be exercised by those for whose benefit the statute was enacted. A creditor has a right under our statute to commence an action under the provisions of section 44 for the benefit of himself and other creditors similarly situated. It was not the purpose of the Legislature to confer any rights other than those which are acquired by the provisions of the statute. The plaintiff, as an individual, upon the facts set forth in the complaint, undoubtedly has a cause of action against the defendant. A different situation obtains, however, in his capacity as trustee. It may well be that the plaintiff as trustee is in a position to plead facts which show the transfer now complained of was a fraudulent one under the common law. He cannot, however, base his complaint solely upon the provisions of the section referred to.

"For the reasons assigned herein, the complaint will be dismissed."

Q. Where a draft attached to a bill of lading is sent to a bank for collection and remittance and the bank becomes insolvent after collecting but before remitting, is the claim of the owner of the draft entitled to preferential payment?

A. The law is apparently well settled that where a bank takes a draft with a bill of lading attached, merely as a collecting agent and without authority to deposit the proceeds collected to the

(Continued on page 28)

Nationalize Your Credits

Credit Insurance

CREDIT insurance simplifies, but can never replace the work of the credit man.

The services of a credit man are indispensable to the manufacturer or wholesaler because only through the exercise of his judgment can credit risks be held within safe bounds.

A National Policy of Credit Insurance is equally indispensable because it sets up a standard for the guidance of the credit man and guarantees his decisions, once made.

That guarantee, involving the pledge of the World's Largest Surety Company to prevent, else pay, all bad debt losses in excess of normal, eliminates the worries usually incident to the conduct of the credit man's job and of your business.

Write for Details of Our Credit Insurance Policies

National Surety Company

Wm. B. Joyce, Chairman

E. A. St. John, President

E. M. Treat, Vice-President

115 Broadway, New York

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Jones has a fire—

A prosperous little trade built up at the cost of a great effort—nipped in the bud.

But Jones was no fool, his creditors would not have to wait, and his future was secure. Fire insurance, yes—but covered by **USE & OCCUPANCY (Business Interruption) Insurance**, (thanks to that agent) which would bridge the gap until his income recommenced.

His policy covered interest on indebtedness, running expenses, clerk hire and advertising in force, and best of all—loss of net profits during unproductivity.

See the nearest National Liberty Agent and learn about this important coverage.

National Liberty Insurance Company of America.

Home Office: 709 Sixth Ave.
New York



Losses Paid Since
Organization
\$65,885,546.34

Selling Christmas Cards

(Continued from page 19)

the commercial agency which we use and his record with some of our competitors with whom he has carried accounts proves to be good, approval of his order is too simple to need discussion. But if he furnishes only local references and they do not respond promptly to our inquiries, there may be complications. We write a second letter to the firms referred to, and if there is still no answer, we then write direct to the customer, acquainting him with the situation, and ask him for other references and information.

Every Order a Sale

"Here let me say that we regard it as our principal duty to turn every order into a sale, if it is at all possible to do so, and we make every effort before we give it up. If a dealer's history or condition does not warrant extending credit, then we try to get the cash, that is to say, we broach the matter of pre-payment to him with the idea of inducing him to remit in advance or accept C. O. D. terms, not with the idea of simply turning him down. If an order fails to become a sale, the salesman's time has been wasted, and his morale may be slightly disturbed for the time, for we assume that he has acted in the best of faith.

"As to setting a limit to a man's credit in accordance with his capital, we do not believe there can be an inviolable rule for this. We sometimes place a limit equal to the amount of his first order, but this may be stretched if his paying habits are good.

We are strong believers in the ledger test. Any time, we would prefer to have ledger experience to guide us in passing on a credit rather than a commercial report or financial statement. It may be our own ledger experience or that of some other company that sells to him and gives us the benefit of its experience.

"This interchange of ledger experience directly from one house to another is helpful now that competitors have outgrown the feeling that they should be evasive in giving information which might help to put one of their good customers on some one else's books. There is another form of direct interchange which ten of us in the greeting-card industry use. At the end of the month, each of us sends to the other a list of any accounts which have been put into the hands of an attorney during the month.

"Our own policy about turning an account over to an attorney to avoid this settlement of the issue as long as it seems that kindly co-operation will do any good. When maturity date is 30 days past due, we send a first collection letter, and then, if necessary, follow this with three other form letters at intervals of ten days. Finally, a personal appeal is made in the hope of arriving at some agreement.

Simple Equipment

"The equipment of our Credit Department is very simple. A credit file contains the reports and credit correspondence of every customer, and these files are directly back of the credit desk where they are readily accessible either for his secretary

(Continued on page 30)

NEW CUSTOMER'S APPLICATION FOR CREDIT

The information given in this application is furnished to the Credit Dept. of Charles S. Clark Co. for the purpose of securing open account terms which are: —2 per cent 10 days, NET 30 days: as of first following MONTH.

Amt. of
1st order \$.....

Trade Name Ave.
Address, No.....St.....City.....State
Is business owned by individual? (Give full name)
Is business a partnership? (Give full names of partners)
Is business a corporation? Incorporated in what state?
Kind of business? When was business started?

REFERENCES

(Give Number, Street, City and State)

Trade Address
Trade Address
Trade Address
Bank Address
Personal Address
Other information.....

Report submitted by Date
Report additional details on other side

FIG. 1. Actual size 8 1/4 x 10 1/2 in.

Answers to Credit Questions

(Continued from page 26)

credit of the owner of the draft, it acquires no property right in the proceeds and in case of the insolvency of the bank, the claim of the owner of the draft would be entitled to a preference if the funds collected could be identified.

As a general rule, the proceeds of paper collected by a bank become the property of a bank and part of its general fund, and the bank becomes a debtor to the owner of the paper for the amount collected less the charge for collection. It follows therefore, that in such a case, on the insolvency of the collecting bank, there is no preference in favor of the owner of the paper. It is only, where, by the terms of the engagement to collect, the fund is to be kept distinct as the property of the owner of the paper and when the paper is accepted for collection, under express directions to collect and remit, that the proceeds of the collection constitute a trust fund.

Q. We would like to know when the most recent law affecting Bulk Sales in Louisiana was enacted. Where could we obtain copies of this law? What were the principal changes?

A. The law referred to is the Model Sales Law, drafted and recommended by the National Association of Credit Men. The new Louisiana law was approved by the Governor, on July 15, 1926. Its principal features are that it includes not only a stock of merchandise, but also fixtures, equipment used in display, manufacture, care or delivery of any goods, wares or merchandise, and expressly includes movable store and office fixtures, horses, wagons and automobile trucks and other vehicles or other goods or chattels of the business of the seller.

This comprehensive definition was prepared after examination of all of the decisions in the various jurisdictions with a view to avoiding any uncertainty as to whether the word fixtures includes display fixtures which are movable and which are not affixed to the real estate. There have been some decisions in some of the states that the term "fixtures" unless expressly extended, as in this statute, includes only "fixtures" as understood in the law of real estate,—that is, articles of personal property so affixed to the real estate as to become part thereof.

The law contains the usual provision that the transferor and the transferee shall prepare an inventory of the goods to be sold and that the transferee shall demand and receive from the transferor a sworn statement of the names and addresses of the transferor's creditors with the indebtedness owing to each and that the transferee shall, at least ten days before the completion of the transfer by payment of the consideration, notify the creditors of the proposed transfer. The law expressly provides a remedy for creditors whose names have been omitted from the statement, to wit, that they may give written notice of their claim to the transferee and shall thereafter be entitled to share equally with other creditors in the proceeds of the sale or other transfer.

The law further provides that the transferee shall pay over the consideration pro rata to the creditors of the transferor, thus making the transferee automatically a trustee for the custody and distribution of the consideration of the transfer.

Anyone swearing falsely to the required list of creditors and indebtedness is guilty of a misdemeanor.

The law further provides that transfers shall include not only sales, exchanges and assignments, but also pledges and mortgages and whether or not the same are for cash or on credit or in exchange for certificates of stock, bonds or other obligations of a corporation. This last clause is inserted for the reason that certain courts have held that a transfer in exchange for stock, bonds, or other obligations of a corporation was not a transfer for "cash or on credit." Property transferred in violation of the provisions of the Act is expressly made subject to attachment, thus removing any doubts as to whether a transaction within the terms of the statute is a fraudulent transfer as contemplated by the attachment laws.

To summarize: The Louisiana statute, in the opinion of counsel of the National Association of Credit Men, gives creditors the most complete protection that is afforded by any Bulk Sales Act in effect in the United States.

Copies of the Louisiana Bulk Sales

Law may be obtained by addressing the National Association of Credit Men, One Park Avenue, New York.

The Utah Bulk Sales Law is also available from the same source.

Q. One of our former customers has refused to pay an account with us. We started suit against him and secured a judgment. However, we find that his business is covered by a chattel mortgage. We are advised that we must put up a surety bond to proceed with execution of our judgment and make levy in this case. In the event the business did not bring sufficient to cover the chattel mortgage, would we be liable for the deficit?

A. Yes, that is the reason you put up your surety bond. It is dangerous to levy subject to a chattel mortgage if the chattel mortgage covers the entire business, as in a forced sale the proceeds of the sale are often less than the mortgage itself. Your local representative or attorney should make careful investigation before procedure of this sort.



Studying the structure of metals in the photo-micrographic section of the Bell Telephone Laboratories.



The Protection of Research

An important branch of telephone research is that which seeks to discover new materials, to perfect manufacturing processes, to improve construction and maintenance methods, and therefore to insure a longer service life for telephone plant, to effect economies, and to continue a high quality of service. To this end there is continuous experiment and investigation embracing instruments, switchboards, pole lines, cables, and all other items of telephone equipment.

This research leads to improvements that have a nation-wide application. It is a protection to the investors who have built the plant with their savings as well as to the telephone users who rely upon it for uninterrupted service. The plant of the Bell System had, on January 1, 1926, a book cost of \$2,626, 270,553. These facilities, and the nation-wide service they provide, underlie the securities of the Bell System.



This investment stock can be bought in the open market to yield a good return. Write for booklet, "Some Financial Facts."

BELL TELEPHONE SECURITIES CO. Inc.

D.F. Houston, President
105 Broadway NEW YORK



"The People's Messenger"



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Selling Christmas Cards

(Continued from page 27)

or himself. On the credit manager's desk, a work distributor holds all the credit applications pending. For the rest, we depend on the ledgers which are always available in the adjoining book-keeping department, with last-minute and unquestioned information as to all previous customers."

Trends in Christmas Cards Business

As users of the Christmas greeting-card, as well as observers of customs in various businesses, readers of the **CREDIT MONTHLY** may be interested in some of the present-day trends in Christmas-card buying and selling.

Orders are taken during February, March, April and May; shipments are made from July on. Reorders come in to almost the last minute and frequently add one more problem to the credit executive's overflowing responsibilities.

Production begins immediately after Christmas, and since payment is not made until January of the next year, a considerable part of the manufacturer's capital is tied up for a year, bank borrowings taking care of the peak periods before deliveries begin and discount payments start to come in.

For a Christmas greeting card line, consisting of 600 numbers, about 400 designs are required, and it ordinarily takes from July 1 to January 15 to make up the full line. The advance work may reach a cost of \$20,000 to \$25,000, and, according to Charles S. Clark, an annual business of \$500,000 in greeting cards needs an investment of not less than \$250,000 in addition to bank borrowing.

Lacy cards, even Valentines, are no more. The greeting card of to-day is a substantial affair strong enough to go safely through the mails and then to sit up on the mantelpiece and look its best.

There is a waning in the call for jingles or sentiments in verse, except on "Mother," "Father" or other "family cards," which are likely to accompany Christmas presents.

The trend in selling, exclusive of the orders for individual cards, is toward the box assortment, a selection of ten or more different cards in an attractive box. This expedites sales during the rush of Christmas buying and also minimizes loss through handling.

Not a single design used this year will be used next. The designers and sentiment writers are employed either on salary or on retainer contract for exclusive work, sometimes with royalties and bonuses paid in addition. There are also the free-lance writer and designer who place their products where they can find a market. One well-known sentimental writer is said to have an income of \$20,000 from his contributions to sunshine-spreading.

Women buy more cards than men, but men pay more for their ready-made sentiments.

The backbone of the business now is the individualized card. It is usual for an order to run to 100 or 200 cards, and it is not unheard of for a man who has found a card to his liking to order 2500 to send out personally.

International Credit Co-operation

THE International Chamber of Commerce co-operating with a delegation from the National Association of Credit Men at a meeting at Brussels in June, 1925, passed a resolution on international co-operation in the granting of credit. For that reason the credit fraternity will watch with interest the deliberations of the Chamber at its meeting as scheduled for June, 1927, in the hope that the credit association idea may be forwarded.

It will be remembered that Ernst B. Filsinger, of Lawrence & Co., New York, acting for the National Association of Credit Men, made an address to the Chamber of Commerce at Brussels two years ago on the subject of credit co-operation as it has been developed in this country. Following his address, which was reported in the July, 1925, **CREDIT MONTHLY**, the Chamber adopted the following resolution:

RESOLVED: That the Congress of the International Chamber of Commerce recognizes that, in granting commercial credits throughout the world, merchants and manufacturers, although of different nationalities, have strong mutual interest;

That the Congress would view sympathetically co-operation among the merchants, manufacturers and exporters of the world in matters of commercial credit.

That the Congress refers the matter to the Council with a view, if thought fit, to the appointment of a committee which will study the possibilities of co-operative effort by the credit grantors of all nations to the end that the mutual interests of all may be better served.

The 1927 meeting of the Chamber of Commerce will be held next year at Stockholm, June 27 to July 2, 1927, the American Delegation leaving New York on the S. S. George Washington, June 15, 1927. Inquiries may be directed to C. J. C. Quinn, Manager, American Section, International Chamber of Commerce, Connecticut Ave. and H street, N. W., Washington, D. C.

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AGENCIES THROUGHOUT THE UNITED STATES AND CANADA

Our Present Economic System

(Continued from page 17)

so-called self-interest of consumers cannot be relied on.

This first assumption of the competitive system takes a very narrow view of human nature. The pressure of competition would be intolerable if every one always insisted on his full "pound of flesh." However, by relying on material self-interest for the driving force of industry, society encourages a diligent pursuit of wealth; it penalizes the man who does not care about money-making, and it tends to put wealth under the control of the greedy and unscrupulous.

The second assumption is that competition in industry will result in the survival of the socially fittest. It is clear that the struggle can have the effect of selecting the fittest only if the competitors start level. The system confuses *free* competition with *equal* competition. Private property makes it impossible that free competition should be equal. Most of the competitors are handicapped by lack of property, which means defective training and lack of capital. Hence for most people freedom of enterprise is an empty privilege; it must not be confused with equality of opportunity.

Freedom of enterprise is a partial check on incompetence and it enables the exceptionally able or fortunate to rise to positions of importance. Its establishment has resulted in great increase in wealth, showing improvement in the organization of production, but it cannot be relied on, in the existing inequality of opportunity, to secure a distribution of the product in proportion to ability and industry.

The third assumption is the most important and is put thus: that as a rule private wealth is the reward of service and conversely, services will be induced by the prospect of private wealth. Exceptions to this statement are so numerous as to suggest doubts of its validity. State interference in monopoly is for the purpose of preventing individuals from exacting payment out of proportion to service. Any restriction of competition, even if it falls short of complete monopoly, deprives the consumer of his safeguard, competition; and restrictions are far more frequent than perfectly free competition. Producers find it possible, by advertising, to create demand, and make a profit by supplying what nobody ought to want. Pills that cost a couple of cents a box to make and can have no effect on any disease are sold at 25 cents a box or more. Similarly countless products, made only to sell, earn for their makers profits which represent no social service. Even when the advertised commodity is good of its kind, the payments made by society are out of all proportion to the service received. Utility to a community is one thing, utility to individuals quite another.

The last assumption of the present economic system is that market value is not only an automatic indicator for production to follow, but an ideal one. A high value indicates that a thing is wanted much, it stimulates the supply; falling value shows that no more of a thing is

wanted and at the same time checks the supply. Such an assumption requires not merely free but equal competition. Unequal incomes distort this principle. The same commodity has a different utility for each individual. A rich man will pay five dollars for an article for which a less wealthy man will give only fifty cents. The price is no indication of the social value.

In conclusion (to use Clay's words) it will be noted that the policy of *laissez-faire*, which dominated the State during a large part of the last century, created many difficulties for the State in this century. Freedom of enterprise in some form or another must be the basis of any organization of production based on specialization; not only is it the only ef-

fective guarantee of individual initiative, and therefore of adaptability in the organization, but the alternative is a task to which no body of officials is equal. But freedom of enterprise does not exclude State enterprise, and the existing presumption against any interference with freedom of enterprise is the most serious hindrance to true economic progress.

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The Seyyid and the Sheikh

(Continued from page 25)

and a sympathising countenance. At last he made answer. The inborn discipline, the unwritten but not less effective injunction to obey the voice of the leader which is the dower of every true-born Arab, magically sealed their lips and fixed their attention.

"Seyyid Ahmed, may thy great Ancestor's name be ever embalmed in the memory of the faithful," slowly but with the peculiar dignity so characteristic of an Arab Sheikh, he began, "Seyyid Ahmed, do not heed these malcontents." And his imperious eyes encircled the whole *mudheef*, causing the men to cower beneath the weight of his words. "You have our full-hearted blessing and gratitude for your noble efforts, Seyyid

Ahmed. Every woman and child will pray for you. The coming year," addressing the assemblage, "will surely be a palmy one. Let all rejoice and do their best. Here is the contract, a long and advantageous one," and pointing to it as it lay beside him on the cushion, he held up the purse. "Your rights are here with me and I stand pledge for every piece of money." Simultaneously the palm of his right hand sprang flat over his breast in token of an Arab's good faith.

"Long life and peace to you!" was the exclamation heard on every hand.

"Our good Mullah," resumed the Sheikh, "may it please you to read out the name of every hand that is pledged for the coming year. We shall then allot to each individual her *arboon* in accordance with her ability as we have known of her from the past."

As the learned Mullah called off the

name of each woman the Sheikh assigned to her a stated *arboon*. His decision had the force of a divine decree. His memory is unflinching, for he knows, among other things, how many date boxes each and every woman can pack in a day and can tell the exact sum of money she had earned the previous year. A shrewd judge of men, and especially women, an encyclopedia of their merits and demerits, a provident and wise law giver,—such are some of the qualities which go into the making of a Sheikh.

Fully alive to his credit obligations, every man, as he received his family dole of the *arboon*, left the *mudheef* after having dipped his thumb in ink and daubed it against his name on a documented receipt stating his name and the amount which he received to be distributed among so many members of his family and pledging them to hire their services for the term of two months at a date-packing station in the environs of Basrah. And each one knew that any repudiation of their contract would destroy his credit and entail social ostracism for himself and his family.

The Seyyid, who is directly responsible to the Sheikh of the village, is known as *Tindayl*. With the Sheikh's sanction the *Tindayl* yearly seeks the city of Basrah where he negotiates with one of the numerous date-merchants for transporting a number of hands to do the packing. These native Christian merchants buy the dates from the landed date-growers and, in order to pack the fruit in specially-sized boxes to suit the requirements of the British and American markets, they engage the much-needed labor of these river Arabs for the arduous undertaking. Not only the British Isles and America consume these dates, but innumerable European and Asiatic marts order their quota months ahead. Basrah yields the most famous commercial varieties of dates. In this country, for instance, they are sold in the groceries packed in small carton boxes and branded Dromedary Dates. In short, dates form the one article of cultivation upon which thousands of people in the city of Basrah and its suburban hamlets subsist.

Immemorial experience has shown that when a *Tindayl* comes to a date merchant with the sanction of his village Sheikh his credit may be considered excellent and he can be trusted implicitly. Moreover, the payment of debts is considered a sacred duty among the Arabs. The *Tindayl* is then extended this credit—*arboon*—on practically no other recommendation than an Arab's good faith.

Inflation Danger Diminished

"I BELIEVE that the action of our Federal Reserve System," says Henry M. Robinson, president of the First National Bank of Los Angeles, in the *Wall Street Journal*, "in agreeing to work with the Bank of England in getting the English currency back to a gold backed basis constituted one of the wisest, most courageous, and most far-seeing actions ever taken by a bank of issue. It has been of immeasurable benefit in international trade; it has relieved us from the menace of devaluation of gold, and it has diminished in the United States the danger of inflation. Likewise the stabilization of the German currency on a gold basis was in considerable measure achieved through American constructive effort, inasmuch as more than half of a very considerable loan to Germany, aggregating 800,000,000 marks, was contributed directly by this country."



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(Continued from page 7)

In short, the Reserve System is so absolutely identified with the epoch of immense American prosperity since 1914, with out change from the position of a borrowing state to that of creditor to the whole outside world, and with the smooth and satisfactory course of the present trade expansion, that it is difficult to imagine what our history of the past twelve years would have been without the System, or what our history of the next twelve years would be without it. At heart the American people fully appreciate the incalculable service of the present American banking system. They have recognized it, even when under the influence of resentment caused by hard times and falling prices. The American farmers believed, wholly erroneously but honestly, that they had been badly treated by the Federal Reserve in the deflation period 1920-21. Yet in the heat of the subsequent controversy, *no proposal was ever made to do away with the Reserve System.* After a long series of country-wide discussions and Congressional debates, practically all that even the "farm bloc" asked was the addition to the Federal Reserve Board of one member qualified as a practical farmer. This is at least reassuring precedent for the period when renewal of the charters will be under discussion.

(Continued from page 23)

came very active in the export field and sold the output of her factories to the countries of the American continent upon the understanding that she would take over the securities of business enterprises and public utilities in payment of debit balances. Her gesture to our country was very strong, and the people fell for it. We imported basic commodities and luxuries in unusually large quantities, and that converted, in 1888 and 1889, the export balance of the earlier years of the decade into an import balance.

Under the lure of the strict credit exchange, without the need of paying gold immediately in liquidation of import balances, our merchants bought freely and failed to recognize that an indebtedness honestly contracted must be liquidated some time. The unusually heavy importations from abroad, added to the pressure of our own productive capacity, were entirely beyond our abilities to finance, and we fast entangled ourselves, with an aftermath that was to occur in the early 'Nineties.

The custom receipts from our heavy imports gave a large surplus to the United States Treasury. The monies paid for customs were tied up in the sub-treasuries, a plan thoroughly unscientific which had in it the essence of serious trouble.

The close of the decade found us in 1889 with a money circulation of approxi-

It was indeed a Decade of Growing Pains, of tremendous efforts, of increasing productive genius; of virile ambition. On the other hand, moral backbone was lacking, co-operation did not prevail, the elements of a credit technique were indiscernible. We were going into the depths as the decade closed, and we had to go very deeply, and through dark episodes, before the light broke and we were ready for our modern drama of wealth and progress.



Clearing the path of doubt



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C. M. Berger, United States Manager

The Winter Book Shelf



THE WINTER MONTHS will prove to be for many ambitious credit executives old or young the most feasible time for the systematic reading of books of real business value. For this reason, the Credit Monthly has asked Dr. Frank A. Fall, Editor of its Business Library Department, to compile a list of books which might supply a three months' reading program for the credit executive. Dr. Fall, who for years has made a close study of all American books on business, has prepared the list.

Books numbered one to six inclusive represent a program for three months' reading,—allowing two weeks for the reading of each book. Books numbered from seven to twelve inclusive, equally strongly recommended, may be used to substitute for books in the first group which have already been read or which do not meet the precise needs of the reader. Dr. Fall will be glad to have comments and suggestions on "The Winter Book Shelf."

No.	Book	Author	Publisher	Price	Reviewed in Credit Monthly
1.	The Formative Period of the Federal Reserve System.	W. P. G. Harding	Houghton Mifflin	\$4.50	Dec. 1925
2.	Credit Analysis	W. C. Schluter	Prentice-Hall, Inc.	5.00	Jan. 1926
3.	Business Ethics	J. M. Lee	Ronald	3.25	Sept. 1926
4.	First Economics	J. E. LeRossignol	Shaw	2.00	June 1926
5.	Selling at Retail	V. H. Pelz	McGraw-Hill	2.50	Aug. 1926
6.	Business and Investment Forecasting	Ray Vance	Harper	2.50	Jan. 1926
7.	Business Power Through Psychology	E. J. Swift	Scribner	3.00	Feb. 1926
8.	Everyman's Insurance	Frazer Hood	Appleton	1.50	Nov. 1925
9.	History of Commerce of the United States	Clive Day	Longmans, Green	1.80	Sept. 1925
10.	The Tragedy of Waste	Stuart Chase	Macmillan	2.50	Feb. 1926
11.	Labor Economics	Solomon Blum	Holt	4.00	Oct. 1925
12.	Business Annals	W. L. Thorp W. C. Mitchell	National Bureau of Economic Research	4.00	Nov. 1926

N. B. See J. H. Tregoe's Credoscope article on Reading in this issue.

The Business Library

By Frank A. Fall, Litt.D.

Director of Education and Research, National Association of Credit Men

Arbitration—A Birdseye View

ARBITRATION AND BUSINESS ETHICS.
By Clarence F. Birdseye. D. Appleton
and Co., N. Y., 1926. 306 pp. \$2.50.

The epidemic of books on business ethics continues, with no sign of a slackening in sight. This volume, bearing the Appleton imprint, is from the pen of Clarence F. Birdseye, author of the "Encyclopedia of General Business and Legal Forms," and there is a Foreword by Charles L. Bernheimer, well-known to members of the National Association of Credit Men because of the admirable work he has accomplished as Chairman of the Committee on Arbitration of the Chamber of Commerce of the State of New York.

Mr. Birdseye's objective is expressed in his sub-title, "A study of the history and philosophy of various types of arbitration and their relations to business ethics." That Mr. Birdseye has hit the bull's-eye will doubtless be the opinion of many beside Mr. Bernheimer, who says in his Foreword: "These pages give the clearest account which I have read of the true meaning of arbitration as a whole, and of its various types. Mr. Birdseye bases his arguments upon the broad needs of the merchant. Thereby he furnishes the correct viewpoint for courts, lawyers and laymen."

The book is divided into five general sections and an Appendix. Part I deals with commercial arbitration; Part II with common law arbitration; Part III, statutory arbitration; Part IV, industrial arbitration. Part V presents other examples of arbitration and the author's conclusions. In the Appendix there are 18 sections, covering arbitration law and court rules in several states, and the United States Arbitration Act as well as such significant documents as the Hart Schaffner & Marx Labor Agreement and the Anthracite Agreement of February 17, 1924.

Briefly summarized, the author's conclusions are these:

(1) The field of strict commercial arbitration, covering the enormous and intricate transactions under the rules of self-governing exchanges are trade associations whose members deal with each other in homogenous securities or commodities vastly exceeds that of all the other types. It is impossible to estimate accurately its extent or the amounts directly and indirectly involved. The underlying purposes of such organizations are better business ethics and methods, with arbitration in the background and applicable mainly if not wholly to future disputes.

(2) Strict common law arbitration is as bad as commercial arbitration is good. It applies only to existing disputes. It is not based on better ethics or business methods, but, on the contrary, often lends itself to unethical and unworthy practices. Therefore—R.I.P.

(3) Admittedly, statutory arbitration is an attempt to eliminate the faults of the

common law type and to grasp as many as possible of the advantages of the commercial variety.

(4) The laws of all the States should, so far as possible, encourage the formation of expert and permanent tribunals, skilled in getting at the true rights of the parties, ready to enforce all fair contracts in the spirit of business ethics, and determined to cut out all chicanery and unethical practice. Such a tribunal is fur-

nished by the New York Chamber of Commerce, with its 650 official arbiters who are skilled experts in 175 different commercial activities.

(5) Industrial arbitration is very likely to be misinterpreted and misunderstood, although it closely resembles the commercial type. But it is evident to anyone who studies our labor agreements as a whole that in most of the trades and crafts the higher ethical view is constantly gain-

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ing ground because it is being more widely and intelligently studied and applied.

(6) The business value and power of conciliation, whether of the official, unofficial or legal type, should be constantly borne in mind.

(7) The ordinary courts should be aided and their calendars relieved in every possible way.

(8) In drafting rules or agreements for the arbitration of future disputes we should favor the permanent rather than the temporary form of tribunal.

(9) There should be cultivated a public and private sentiment for peaceful relations with our neighbors, competitors and those with whom we deal in business. The present organization of business has required the seeking out and adoption of better business ethics—which is but another name for the Golden Rule.

(10) Enforce the budget as against every circumstance except the logic of business facts.

Chapters II to XII set forth detailed procedure for the eleven lines of industry already mentioned. The concluding chapter, "Budget Essentials," ends with these vigorous sentences:

"No abstract enthusiasm for budgeting is likely to induce co-operation in promoting a budget system. Leadership and a steadfast policy on the part of those responsible for the policy and tone of the management are quite as necessary in this as in all other questions having to do with the success of the business. An organization that has mettle and a business temper will respond to leadership and grant its co-operation in budgeting as in other activities aimed at the prosperity of the business and the good and growth of those engaged in it."

A Case-Book On Retailing

PROBLEMS IN RETAILING. Donald Kirk David and Malcolm P. McNair. A. W. Shaw Co., Chicago, 1925. 789 pp. \$5.

In the more than 100 books on business and economics reviewed in this Department during 1925 and 1926 there have been several bearing directly on retail selling. These were presented to members of an Association made up largely of manufacturers, wholesalers, jobbers and bankers as helps to "Business Service,"—the education of the retailer in the principles of successful merchandising.

If some of this seed has fallen on fertile ground and a few credit managers, here and there, have acquired something of the technique of the "business doctor," the time appears to be ripe for some fresh material. This Messrs. David and McNair have provided in most attractive and useful case-book form.

Budget Procedure

APPLIED BUDGETING. Henry Bruere and Arthur Lazarus. A. W. Shaw Co., Chicago, 1926. 243 pp. \$7.50.

Although this book will be of interest to all who are involved in the operation of a budget, it will be particularly valuable to executives in eleven branches of industry for which specific budget procedure is suggested. These branches are: oil, railroads, banks, newspapers and magazines, contracting and construction, metal-working, department stores, canneries, hotels, ice-cream makers and garment manufacturers.

A considerable amount of the material was developed for the Policyholders Service Bureau of the Metropolitan Life Insurance Company, at the request of group policyholders who desired to maintain more stabilized production, profits and sales. The opinions and judgments expressed in the book are, however, those of the authors rather than those of the Company.

The opening Chapter, "Business Control Through the Budget" lays down general principles that are applicable to all budget procedure. Compactly summarized, these principles are the following:

(1) Restrict the budget period to a term for which dependable estimates may be prepared.

(2) Provide for the flexibility in adjustments in accordance with need.

(3) Base sales quotas on an independent analysis of the market.

(4) Insure a careful preparation of all other estimates and place responsibility for making them on persons who have administrative responsibility for securing results.

(5) Have the budget follow the organization line and the organization line meet the requirements of budget accountability.

(6) Enlist to the greatest possible extent the interest of executive subordinate officials and other responsible factors of the organization, in the preparation of the estimates affecting their work.

(7) Keep the procedure as simple as possible.

(8) Provide for frequent comparisons of estimates with results.

(9) Make estimates actual commitments and not mere aspirations.

Complete Bankruptcy Laws of U. S. Issued

The Complete Bankruptcy Laws of the United States, revised to include the Act of 1926, with notes of important decisions and a ready reference index, is contained in the October issue **AMERICAN BANKRUPTCY REVIEW**.

The work of revising the laws was done by Judge Max Isaac, editor of the publication, who stated that because of the importance of the material it was decided to devote the entire October issue to its publication.

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American Bankruptcy Review

165 BROADWAY, NEW YORK

The cases were collected by the Harvard Bureau of Business Research under the general supervision of its director, Professor Melvin T. Copeland. Footnotes on the legal aspects of a considerable number of the problems were prepared by Dr. Nathan Isaacs, professor of business law in the Harvard Business School.

There are 19 cases illustrating elements of retail accounting; 42 on the effect of customers' buying habits on retail policies; 91 on merchandising (buying, planning, control, sales direction and promotion); 29 on store operation; and 27 on retail control, finance and general policy. The forms, which are 80 in number, are particularly well chosen, being easily adaptable to many different lines of retail selling.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912,

OF CREDIT MONTHLY, published monthly at East Stroudsburg, Pa., for October 1st, 1926.
STATE OF NEW YORK,
COUNTY OF NEW YORK, ss:

Before me, a Notary Public in and for the State and County aforesaid, personally appeared Rodman Gilder, who, having been duly sworn according to law, deposes and says that he is the editor of the CREDIT MONTHLY, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor and business managers are: Publisher, National Assn. of Credit Men, 1 Park Avenue, New York City. Editor, Rodman Gilder, 1 Park Avenue, New York City. Managing Editor, None. Business Managers, None.

2. That the owner is: (if publication is owned by an individual, his name and address, or if owned by more than one individual the name and address of each, should be given below; if the publication is owned by a corporation, the name of the corporation and the names and addresses of the stockholders owning or holding one per cent or more of the total amount of stock should be given.) National Association of Credit Men, a non-stock corporation with these officers: William H. Pouch, Concrete Steel Company, New York, N. Y., President; J. F. Wood, Richmond Dry Goods Co., Richmond Va., 1st Vice President; George J. Gruen, Gruen Watch Mfg. Co., Cincinnati, Ohio, 2nd Vice President; Frank D. Rock, Armour & Company, Denver, Col., 3d Vice President; J. H. Tregoe, 1 Park Avenue, New York, Executive Manager.

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4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders, as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is (This information is required from daily publications only.)

RODMAN GILDER
Editor.

Sworn to and subscribed before me this 30th day of September 1926.

RUTH M. HOCTOR

(Seal) Notary Public, Kings County
Kings County Clerk's No. 262, Register's No. 8288. Certificate filed in New York County, N. Y. Co. Clerk's No. 762, Register's No. 8527. My commission expires March 30, 1928.

Look at it in a Business Light

C. C. TRAVIS, of the N. & W. Overall Co., Inc., Lynchburg, Va., declares that an office handling credits and collections would be a monotonous place indeed if there were never anything to relieve the stress and strain. He has just received the following in answer to a collection letter, and sends it along for the delectation of CREDIT MONTHLY readers.

"Gentlemen: In reply to yours 7—No, it is not an Over Sight. It is on account off not selling nothing. it is the Dullest in this town we have ever seen. but the Looks is good Just as soon as it will turn cold enough to cause the Fish to run.

"Your Salman were in our Place afew

days passed. and he seen that we had the goods. and he noes thire was nothing doing;

"And we are going to Ask you Gentlemen. something we have Never don. to Pleas Carrie us a while over we are willing to pay entress. on your Money. the goods are in our place and we have not sold hardly any off them, and if you cant Carry us for a short time. we will have to Pack up the goods and ship them back to you. now we hope you Gentlemen. will look at this. in abusiness Light only. we will pay you just as soon as we can get it in; Hoping to hear from you soon."



Character

Credit has become firmly entrenched as a basic factor in business mainly thru the general soundness of character. We have learned to depend upon man's word which, with other conditions favorable, is inducement for credit extension.

In placing your fire insurance contract and in making recommendations to the credit seeker remember to consider a company which is always good to its word.

Assets as of January 1st, 1926..	\$67,922,096.58
Capital	3,500,000.00
Surplus	24,161,943.85
All other liabilities	40,260,152.73

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